

ORIGINAL

Decision No. 68221

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

GRACE HENDRICKS, doing business as
Snelling Telephone Exchange, a sole
proprietorship, and

SNELLING TELEPHONE COMPANY,
a corporation,

for an order authorizing:

a. Grace Hendricks to transfer
and Snelling Telephone Company, a
corporation, to acquire the properties
owned by her and consisting of Snelling
Telephone Exchange;

b. Snelling Telephone Company, a
corporation, to issue shares of its
capital stock in exchange for the
assets of Snelling Telephone Exchange,
a proprietorship;

c. Grace Hendricks to withdraw from
the public utility telephone business;

d. Snelling Telephone Company, a
corporation, to engage in the public
utility telephone business now being
conducted by Grace Hendricks.

Application No. 47060
Filed October 22, 1964

O P I N I O N

This is an application for an order of the Commission authorizing Grace Hendricks to sell and transfer her telephone exchange system to Snelling Telephone Company in exchange for \$18,870 par value of common stock.

Grace Hendricks operates as a public utility telephone company under the name of Snelling Telephone Exchange in Snelling, Merced County, and surrounding territories. For the first six

months of 1964 she reports total telephone revenues of \$9,336.25 and a net operating profit of \$4,091.57. The reported total assets of her exchange as of June 30, 1964, after deducting \$4,005.28 for reserve for depreciation, amount to \$19,536.42, which balance is offset by \$663.72 of current liabilities and \$18,872.70 net worth.

Snelling Telephone Company is a California corporation organized on or about September 25, 1964. It proposes to issue \$18,870 par value of its common stock in exchange for the Snelling Telephone Exchange properties at their net book value of \$18,872.70 as of June 30, 1964, and to consider as capital surplus the \$2.70 excess over the par value.

The application shows that expanding population in the service area and increasing demand for higher grades of service require expansion of facilities, and that Grace Hendricks has attained an advanced age and is of the opinion that the expanding telephone business can be best and most efficiently operated by a corporation instead of a sole proprietorship.

The Commission has considered this matter and finds that: (1) there will be no change in rates as a result of the transfer; (2) the proposed sale and transfer would not be adverse to the public interest; (3) the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purpose specified herein; and (4) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

In issuing our order herein, we place Snelling Telephone Company and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return the company should be allowed to earn on its investment in plant and that the authorization herein given is not to be construed as a finding of value of the company's stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Grace Hendricks, doing business as Snelling Telephone Exchange, may sell and transfer all of her telephone exchange system to Snelling Telephone Company.
2. Snelling Telephone Company may purchase, acquire and commence operating the telephone exchange system of, and assume the liabilities of the telephone business operated by, Grace Hendricks, doing business as Snelling Telephone Exchange.
3. Snelling Telephone Company may issue not to exceed \$18,870 par value of its common stock, at not less than par, in exchange for the transfer of said system, subject to said liabilities.
4. For accounting purposes only, Snelling Telephone Company may commence operations as of July 1, 1964, and Grace Hendricks, doing business as Snelling Telephone Exchange, may terminate her telephone operations as of June 30, 1964.

5. On or before the date of actual transfer, Grace Hendricks, doing business as Snelling Telephone Exchange, shall refund all deposits, if any, which subscribers are entitled to have refunded. Any unrefunded deposits shall be transferred to and become the obligation for refund of Snelling Telephone Company.

6. On or before the date of actual transfer, Grace Hendricks, doing business as Snelling Telephone Exchange, shall transfer and deliver to Snelling Telephone Company all records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred and the latter shall receive and preserve such records, memoranda and papers.

7. If the authority herein granted to transfer properties is exercised, Snelling Telephone Company, within thirty days thereafter, shall notify the Commission, in writing, of the date of completion of such transfer.

8. Snelling Telephone Company shall file, within five days after the effective date of the transfer, a notice of adoption of the presently filed tariff schedules of Grace Hendricks, doing business as Snelling Telephone Exchange.

9. On or before the end of the third month after the consummation of the transfer as herein authorized, Snelling Telephone Company shall cause to be filed with the Commission in such form as it may prescribe an annual report, or reports, covering the period commencing with the first day of the current year to and including the effective date of the transfer.

10. Upon compliance with the terms and conditions of the transfer, Grace Hendricks, doing business as Snelling Telephone Exchange, shall stand relieved of all further public utility obligations in connection with the operations of the public utility telephone system herein authorized to be transferred.

11. Snelling Telephone Company shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

12. The effective date of this order is the date hereof. The authority herein granted shall lapse unless exercised on or before March 31, 1965.

Dated at San Francisco, California, this 17th day of NOVEMBER, 1964.

Frederic B. Holdhoff
President

W. S. [Signature]
W. S. [Signature]

George L. Hoover

William L. Bennett
Commissioners