

71249

ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of COLORADO RIVER TELEPHONE)
COMPANY and PARKER VALLEY)
TELEPHONE CO. for authorization)
(1) to merge PARKER VALLEY)
TELEPHONE CO. into COLORADO)
RIVER TELEPHONE COMPANY,)
(2) for the exchange and)
conversion of PARKER VALLEY)
TELEPHONE CO. stock into that of)
COLORADO RIVER TELEPHONE COMPANY)
stock, and (3) for the execution)
of a Supplemental Mortgage and)
Amendment to telephone loan)
contract with UNITED STATES)
OF AMERICA.)

Application No. 48709
Filed August 15, 1966

O P I N I O N

This is an application for an order of the Commission authorizing (1) the merger of Parker Valley Telephone Co. into Colorado River Telephone Company, (2) the conversion and exchange of the capital stock of Parker Valley Telephone Co. into the common stock of Colorado River Telephone Company, and (3) the surviving corporation to execute a Supplemental Mortgage and an Amendment to its Telephone Loan Contract with the United States of America.

Colorado River Telephone Company is a California corporation engaged in business as a public utility rendering local and toll telephone service in parts of Riverside and Imperial Counties in California and in a portion of Yuma

County in Arizona. The company's 1965 annual report on file with the Commission shows gross operating revenues and net income for the year of \$1,049,990 and \$165,837, respectively, and a total of 5,540 telephones in service as of December 31, 1965, including 5,441 located in the State of California. For the five months ended May 31, 1966, it reports gross operating revenues of \$453,685 and net income of \$72,381.

Parker Valley Telephone Co. is an Arizona corporation engaged in business as a public utility rendering local and toll telephone service in the City of Parker and vicinity in Yuma County, Arizona, and in adjacent areas in San Bernardino and Riverside Counties, California. The company's 1965 annual report on file with the Commission shows gross operating revenues and net income for the year of \$305,329 and \$50,411, respectively, and a total of 1,530 telephones in service as of December 31, 1965, including 230 located in the State of California. For the five months ended May 31, 1966, it reports gross operating revenues of \$159,552 and net income of \$34,816.

Both companies are controlled by Continental Telephone Corporation through its 100 percent ownership of their outstanding common stock.

Applicants have agreed that Parker Valley Telephone Co. will merge with and into Colorado River Telephone Company, the latter to succeed to all the rights and property and be subject to all the debts and liabilities of the former. Each

share of outstanding capital stock of Parker Valley Telephone Co., consisting of common stock having a par value of \$100 per share, will be converted into and exchanged for 100 shares of \$1 par value common stock of Colorado River Telephone Company.

Colorado River Telephone Company, as the surviving corporation, requests authority to enter into a Supplemental Mortgage and an Amendment to Telephone Loan Contract with the United States of America, acting through the Administrator of the Rural Electrification Administration. The effect will be to provide the United States of America with the same security from the merged company as it has from the two separate companies.

A pro forma statement of assets and liabilities, as of May 31, 1966, as summarized from Exhibit D filed in this proceeding, giving effect to the merger transactions, is as follows:

<u>Assets</u>	
Net telephone plant	\$3,943,044
Investments	66,801
Current assets	501,341
Deferred charges	<u>10,324</u>
Total	<u>\$4,521,510</u>
<u>Liabilities</u>	
Common stock	\$ 44,652
Preferred stock	225,000
Capital surplus	151,481
Earned surplus	741,710
Long-term debt	3,141,528
Current liabilities	<u>217,139</u>
Total	<u>\$4,521,510</u>

The Commission has considered this matter and finds that: (1) the proposed merger and documents will not be adverse to the public interest; (2) 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 (3) 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 Colorado River 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 the value of its 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. Parker Valley Telephone Co. may merge with and into Colorado River Telephone Company in accordance with their Agreement of Merger dated July 13, 1966, a copy of which is attached to the application as Exhibit A.

2. Colorado River Telephone Company, for the purpose specified in the application, may issue and exchange 24,000 shares of its \$1 par value common stock for the 240 shares of \$100 par value outstanding capital stock of Parker Valley Telephone Co.

3. Colorado River Telephone Company may execute and enter into an Amendment to Telephone Loan Contract and a Supplemental Mortgage in the same form, or in substantially the same form, as those attached to the application as Exhibits E and F, respectively.

4. Colorado River 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.

5. Within thirty days after consummating the merger herein authorized, Colorado River Telephone Company shall notify the Commission, in writing, of that fact.

6. Within five days after the effective date of the merger herein authorized, Colorado River Telephone Company shall file with the Commission, by advice letter, a notice of adoption of the presently filed tariff schedules of Parker Valley Telephone Co.

7. The tariff schedules of Parker Valley Telephone Co., now on file with this Commission, shall be refiled within thirty days after the effective date of the merger under the name of Colorado River Telephone Company, in accordance with the requirement of General Order No. 96-A, except that

Colorado River Telephone Company may withdraw such rules and standard forms of Parker Valley Telephone Co. as are substantially identical with those of Colorado River Telephone Company, and the withdrawal of which will not result in increases in rates or more restrictive conditions than the presently filed tariffs of Parker Valley Telephone Co.

8. Colorado River Telephone Company, after the consummation of the merger, shall maintain its records in such form as to provide a segregation of accounts relating to the plant investment and pertinent rate base items, as well as the revenues and expenses, of the operations in Arizona and California.

9. Within sixty days after the consummation of such merger, Colorado River Telephone Company shall file with the Commission a copy of each journal entry used to record the merger on its books of account.

10. On or before the end of the third month after the consummation of the merger as herein authorized, Colorado River Telephone Company shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report, or reports, related to the operations of Parker Valley Telephone Co. for the period commencing with the first day of the current year to and including the effective date of the merger.

11. The effective date of this order is the date hereof. Any authority herein granted and not exercised will expire on March 31, 1967.

Dated at San Francisco, California,
this 6th day of SEPTEMBER, 1966.

Esther Mitchell President
George T. Hoover
Wagner
William W. Bennett

Commissioners

Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.