

ORIGINAL

Decision No. 73068

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)

CITIZENS UTILITIES COMPANY OF)
CALIFORNIA, a corporation,)

and)

PETROLIA TELEPHONE COMPANY,)
a corporation,)

Application No. 49502
Filed June 27, 1967

for an Order authorizing:)

A. Petrolia Telephone Company)
to sell and Citizens Utilities)
Company of California to buy)
all of the assets of Petrolia)
Telephone Company; and)

B. Petrolia Telephone Company)
to withdraw from the telephone)
utility business; and)

C. Citizens Utilities Company)
of California to engage in and)
carry on the telephone utility)
business of Petrolia Telephone)
Company; and)

D. Citizens Utilities Company)
of California to assume)
specified obligations of)
Petrolia Telephone Company.)

O P I N I O N

This is an application for an order of the Commission authorizing Petrolia Telephone Company to sell and convey its public utility telephone business, together with related assets subject to specified liabilities, to Citizens Utilities Company of California.

Petrolia Telephone Company, a California corporation, is engaged in the business of rendering public utility telephone service in the communities of Petrolia and Honeydew and areas adjacent thereto in Humboldt County. For the year 1966 Exhibit A, attached to the application, shows operating revenues for the utility of \$19,920 and a net loss of \$4,442. At December 31, 1966, such Exhibit A shows that the company's net telephone plant, after deducting accumulated depreciation, amounted to \$52,913.

Citizens Utilities Company of California, a California corporation, is engaged in the business of rendering public utility water and telephone service in various parts of California. One of its telephone service areas is near the territory served by Petrolia Telephone Company. For the year ended April 30, 1967, Exhibit B, attached to the application, shows operating revenues of \$4,900,889 and net income of \$894,873. At April 30, 1967, such Exhibit B shows that the company's fixed assets, after deducting accumulated depreciation, amounted to \$18,945,118.

In this proceeding the purchaser proposes to acquire the telephone business and related assets of the seller for an agreed purchase price of \$113,000, payable by the assumption of specific obligations of the seller in the amount of \$12,917.28, together with \$100,082.72 cash and subject to certain adjustments for the proration of taxes and the retention of not exceeding \$4,000 by the purchaser, contingent upon receipt of specified retroactive toll settlements due to the seller.

Applicants believe the proposed transfer to be in the best interests of the public as well as their own because

(a) the purchaser has available technical and specialized management personnel to assist in the management and operation of the seller's telephone system, (b) economies would result in the consolidation of the operation of the properties in several fields including maintenance, management, accounting and finance, and (c) a service area of the purchaser is near the service area of the seller, thus enabling the resulting benefits to be readily made available.

By Decision No. 69127, dated May 25, 1965, in Case No. 7370, the Commission ordered Petrolia Telephone Company to file quarterly reports setting forth plans for improving its service. It appears that Citizens Utilities Company of California has the financial resources to carry out the Commission's intent with respect to the provision of adequate, efficient and reasonable service.

The Commission has considered this matter and finds that the proposed sale and conveyance will not be adverse to the public interest. On the basis of this finding we conclude that the application should be granted. A public hearing is not necessary.

The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred, nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates. Nothing in this decision shall be construed as an approval of the

proposed journal entries set forth in Exhibit D, attached to the application. Moreover, Citizens Utilities Company of California is hereby placed on notice that it may not reduce its depreciation reserve in accounting for any unprovided-for loss in service value of existing facilities to be retired.

O R D E R

IT IS ORDERED that:

1. Petrolia Telephone Company, on or after the effective date hereof and on or before December 31, 1967, may sell and convey, and Citizens Utilities Company of California may purchase and acquire, the public utility telephone business and related assets referred to in this proceeding, in accordance with the terms of the Agreement of Sale, a copy of which is attached to the application as Exhibit C.

2. On or before the date of actual transfer, Petrolia Telephone Company shall refund all customers' deposits and advances for construction, if any, which are due and payable as of the date of transfer. All unrefunded deposits and advances shall be transferred to Citizens Utilities Company of California which shall be responsible for their refund when due.

3. On or before the date of actual transfer, Petrolia Telephone Company shall deliver to Citizens Utilities Company of California, which shall receive and preserve, all available records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred.

4. If the authority herein granted to transfer properties is exercised, Citizens Utilities Company of California, within thirty days thereafter, shall notify the Commission, in writing, of that fact and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect such transfer.

5. On or before the end of the third month after the consummation of the transfer as herein authorized, Citizens Utilities Company of California 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 Petrolia Telephone Company for the period commencing with the first day of the current year to and including the date of the transfer.

6. After the effective date of this order and not less than five days before the date of actual transfer, Citizens Utilities Company of California shall file a notice of adoption of the tariffs of Petrolia Telephone Company. Such filing shall comply with General Order No. 96-A. The effective date of the notice of adoption shall be the date of actual transfer.

7. After the effective date of this order and not less than sixty days after the date of actual transfer, Citizens Utilities Company of California shall refile tariffs of Petrolia Telephone Company, including a tariff service area map, clearly indicating the boundaries of the service area, the present schedules of rates, appropriate general rules and copies of

printed forms to be used in dealing with customers. Such filing shall comply with General Order No. 96-A.

8. Upon compliance with all of the conditions of this order, Petrolia Telephone Company shall stand relieved of its public utility obligations in the area served by the transferred system, and may discontinue service concurrently with the commencement of service by Citizens Utilities Company of California.

9. Within sixty days after consummating the transfer herein authorized, Citizens Utilities Company of California shall file with the Commission a copy of the journal entry, or entries, used to record the acquisition herein authorized, together with a statement showing the manner in which it proposes to dispose of the resulting balance in Account No. 100:4, Telephone Plant Acquisition Adjustment.

10. This order shall become effective when Citizens Utilities Company of California has filed in this proceeding a verified statement that Decision No. 69127, dated May 25, 1965, in Case No. 7370, directed to Petrolia Telephone Company shall be binding upon the former, which will submit quarterly reports specified in said decision as though it had originally been ordered to do so.

Dated at San Francisco, California, this 12th day of SEPTEMBER, 1967.

[Signature]
 President

[Signature]

[Signature]

[Signature]
 Commissioners