

A description of the property to be transferred is attached as Exhibit A to the contract of sale between Margot and Loperena which contract is Attachment A to the application.

The contract requires Margot to continue to perform maintenance and installation services after the date of transfer and to supply certain equipment, and specifies the compensation for such services.

The arrangement for Margot to continue to perform a major portion of the services required for the continued operation of the utility is somewhat unusual but appears to have no untoward impact on the public interests involved. Applicant Loperena is specifically placed on notice that a contract for personal services to a utility cannot operate to relieve a utility operator of his ultimate responsibilities as a public utility. Applicant Loperena is also placed on notice that the agreed upon payments need not be accepted by this Commission as representing the true costs of the services rendered.

The operations of applicants appear to be only minimally competitive since there is only a partial overlapping of Loperena's and Margot's service areas. It is indicated that Loperena intends to continue to render the same type of service within the same service area as that now offered by Margot.

The total consideration for the sale is to be \$30,000 payable in three annual installments of \$8,700 and one of \$3,900 plus interest at 7 percent of the unpaid balance, payable monthly. The note is to be secured by execution of an instrument pledging the personal property to be sold.

By Amendment to the Application, filed February 3, 1970, applicant Loperena seeks authority to execute the note and security agreement.

Financial exhibits attached to the application show a net profit for the Communications Engineering operations in the amount of \$10,113 for 1968. The balance sheet of Jack Loperena shows his personal net worth to be over \$197,000 and total liabilities of \$255,823,000 as of December 31, 1968.

Applicant Loperena appears to have the necessary financial ability to pay the purchase price and to continue to meet the public obligations associated with his existing operation and the one he seeks to acquire. Applicant Loperena appears to be qualified by virtue of experience to operate the utility which he seeks to acquire.

After consideration the Commission finds that the proposed transfer would not be adverse to the public interest. The Commission further finds that the issue of the note and securities herein authorized is reasonably required for the purposes specified herein and such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary. The Commission concludes that the application as amended should be granted. The authorization granted herein is subject to the following provision of law:

"The Commission shall have no power to authorize the capitalization of the right to be a corporation, or the capitalization of any franchise or permit, or the right to own, operate, or enjoy any such franchise or permit, in excess of the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise, permit, or right. No contract for consolidation or lease shall be capitalized, nor shall any public utility issue any bonds, notes, or other evidences of indebtedness against or as a lien upon any contract for consolidation or merger."

The authorization herein granted shall not be construed as a finding of the value of the rights and properties herein authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. On or before December 31, 1970, Alan T. Margot may sell and transfer, and Jack Loperena may purchase and acquire, the operative rights and property referred to in the application.

2. Within thirty days after the consummation of the transfer herein authorized applicant Loperena shall notify the Commission, in writing, and within that same period file with the Commission a true copy of any bill of sale or other instrument used to execute said transfer.

3. Applicant Loperena shall adopt as his own by advice letter the tariffs of applicant Margot. Said filing shall be effective concurrently with the consummation of the sale and on not less than ten days notice by bill insert to each of applicant Margot's present customers. Said filing shall comply with this Commission's General Order No. 96-A.

4. Upon completion of the sale and transfer authorized herein and upon compliance with all the terms and conditions of this order, applicant Margot shall be relieved of his public utility obligations in connection with the utility system herein authorized to be transferred.

5. Applicant Loperena is authorized to execute a note for \$30,000 in the form set forth in Attachment H to the Amendment to Application and the security agreement set forth in Attachment I to the Amendment to Application, the proceeds of which are to be used solely for the acquisition of the property described in said Attachment I and the public radio-telephone utility authority and radio licenses of applicant Margot.

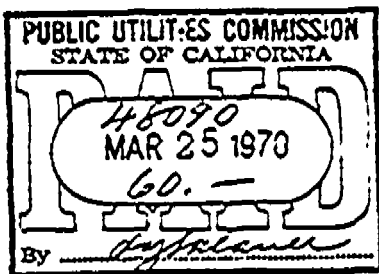
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6. Applicant shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is made a part of this order.

7. On or before the end of the third month after the consummation of the transfer as herein authorized, purchaser 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 the seller for the period commencing with the first day of the current year to and including the effective date of the transfer.

8. The authority herein granted to issue a note will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$60. In other respects the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 24th day of MARCH, 1970.



William J. ...
President

[Signature]

[Signature]

[Signature]
Commissioners

Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.