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Decision No. 79925

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
WESTERN CALIFORNIA TELEPHONE COMPANY,
a corporation, and CITIZENS UTILITIES
COMPANY OF CALIFORNIA, a corporation,
for orders authorizing; (1) WESTERN
CALIFORNIA TELEPHONE COMPANY to sell,
transfer and convey to CITIZENS
UTILITIES COMPANY OF CALIFORNIA the
telephone exchange property and busi-
ness of the McCloud Telephone Exchange;
(2) CITIZENS UTILITIES COMPANY OF
CALIFORNIA to engage in and carry on the
telephone operations of the McCloud
Exchange; and (3) CITIZENS UTILITIES
COMPANY OF CALIFORNIA to assume certain
obligations of WESTERN CALIFORNIA TELEPHONE
COMPANY and to perform in accordance with the
Agreement of Purchase and Sale heretofore
entered into.

Application No. 53154
(Filed February 14, 1972)

O P I N I O N

Western California Telephone Company (Western), seeks authorization under Section 851 of the Public Utilities Code to sell and Citizens Utilities Company of California (Citizens) seeks authorization to purchase the telephone exchange property and business of the McCloud Telephone Exchange in accordance with the terms of the purchase and sales agreement, dated December 17, 1971, a copy of which is attached to the Application as Exhibit D.

The McCloud Exchange is located in Siskiyou and Shasta Counties in northern California and consists of approximately 77 square miles. The base rate area is six square miles, with eight and one-half square miles of suburban area. The remainder of the exchange is served on a farmer-line basis. Also, the McCloud Exchange

serves the Kinyon, Bartle, and Pondosa areas with toll stations. The three toll areas consist of approximately 38 square miles. As of September 30, 1971, there was a total of 880 telephones in operation and 14 farmer lines.

The agreed consideration is \$760,000 cash, increased by the actual out-of-pocket cost to Western of any and all additions and/or betterments to the McCloud Exchange from September 30, 1971 to the closing date. Citizens, under the agreement, assumes certain obligations of Western. Exhibit E to the application shows the original cost of the McCloud Exchange telephone plant as \$667,409 and net plant as \$511,101 as of September 30, 1971.

Citizens is a California corporation and owns and operates a telephone business and service in various cities and counties within the State of California. Its principal place of business is in the City of Redding, California, which is within 75 miles of the McCloud Exchange. Additionally, Citizens has a district office, with 33 employees, at Burney, California, which is within 50 miles of the McCloud Exchange.

Western is a California corporation, and owns and operates a telephone business and service in various cities and counties within the State of California. Western's principal place of business is in the town of Los Gatos, California, which is over 300 miles from the McCloud Exchange.

Western's financial statement and balance sheet as of September 30, 1971 are attached to the application as Exhibit A.

Citizens proposes to account for its acquisition of the McCloud Exchange from Western in conformity with Instruction No. 31.2-21 as set forth in Federal Communications Commission's Rules and Regulations, Volume VIII, Part 31, page 26, and last revised March, 1971.

Citizens proposes to adopt the existing rates and tariffs presently applicable to the McCloud Exchange.

Western and Citizens propose that two of the three Western employees presently serving the McCloud Exchange will be retained by Western, while the remaining employee will be employed by Citizens, at a salary commensurate with the present salary, to assist in servicing the McCloud Exchange.

Citizens' balance sheet and income statement are attached to the application as Exhibit C.

The companies represent that, due to the level of experience and competence of Citizens, granting the application will not be adverse to the public interest, and that the proximity of Citizens' current activities to the McCloud Exchange may contribute to improvement in the service in the public interest.

The Commission finds that a public hearing is not necessary; that no increase in rates and charges will result; and that any increase in rates and charges as a result of this sale and transfer would be unjust and unreasonable.

O R D E R

IT IS ORDERED that:

1. Western California Telephone Company is authorized to sell and transfer to Citizens Utilities Company of California the real and personal properties and the telephone business of the McCloud Exchange, as described in and in accordance with the terms of the agreement for the purchase and sale of the assets of the McCloud Exchange dated December 17, 1971, attached as Exhibit D to the application.

2. Western California Telephone Company is authorized to withdraw from the telephone business as respects the McCloud Exchange upon consummation of the authorized sale and transfer, and Citizens Utilities Company of California is ordered coincident with such withdrawal to engage in and carry on the telephone business of the McCloud Exchange.

3. All of Western California Telephone Company's rights to operate as a telephone utility as respects the McCloud Exchange, whether under prescriptive or certificated rights granted under the Public Utilities Code are ordered transferred to Citizens Utilities Company of California coincident with the withdrawal of Western authorized in ordering paragraph 2.

4. If the authority herein granted to transfer properties is exercised, Citizens Utilities Company of California, within thirty days hereafter, shall notify the Commission, in writing, of the 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 date of actual transfer, Western California 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.

6. Citizens Utilities Company of California is authorized to account for the purchase of the telephone properties in accordance with Instruction No. 31.2-21 as set forth in Federal Communications Commission's Rules and Regulations, Volume VIII, Part 31, page 26, and last revised March, 1971.

7. 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, and Western California Telephone Company shall file a copy of the journal entry used to record the sale on its books.

8. Citizens shall file, and make effective coincident with the authorized sale and transfer with not less than five days' notice, in conformance with the requirements of General Order No. 96-A,

tariffs for services in the McCloud Exchange identical as to rates, charges, and conditions effective prior to the authorized sale and transfer. Said Citizens' tariffs applicable to the McCloud Exchange, for which there are no present customers, may be revised to correspond to the tariffs presently on file by Citizens.

9. Western shall file and make effective coincident with the authorized sale and transfer, with not less than five days' notice, revised tariffs cancelling the offering of service in the McCloud Exchange.

10. The authorizations granted herein will expire unless exercised by December 31, 1972.

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

Dated at San Francisco, California, this
5/27 day of APRIL, 1972.

[Signature]
 Chairman
William Symons
[Signature]
Vernon L. Stenger
[Signature]
 Commissioners