

Decision No. 84246

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of )  
REX BRYAN, doing business as Bryan )  
Telephone Company and William Butts )  
Telephone Company for authority to )  
sell and transfer and of PINNACLES )  
TELEPHONE CO., a California Corporation, )  
to purchase said telephone systems and )  
to issue common and preferred stock. )

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Application No. 55493  
(Filed February 19, 1975)

O P I N I O N

Rex Bryan, doing business as Bryan Telephone Company and William Butts Telephone Company, seeks authority to sell and transfer his telephone systems to Pinnacles Telephone Co., a California corporation, and the latter seeks authority to issue 700 shares of its \$100 par value common stock and 700 shares of its \$100 par value preferred stock.

Rex Bryan is engaged in furnishing exchange and toll telephone service in San Benito County. Pinnacles Telephone Co. is a California corporation incorporated on December 17, 1974.

Rex Bryan proposes to sell and transfer his telephone systems to Pinnacles Telephone Co. in exchange for 700 shares of \$100 par value common stock and 700 shares of \$100 par value preferred stock of the latter. The preferred stock would be non-cumulative and would carry a 5% annual dividend rate.

A pro forma balance sheet as of January 1, 1975, giving effect to the proposed transactions, as summarized from Exhibit D attached to the application, is as follows:

<u>Assets</u>	
Net telephone plant	\$129,506
Current assets	<u>14,639</u>
Total	<u>\$144,195</u>
<u>Liabilities</u>	
Preferred stock	\$ 70,000
Common stock	70,000
Retained earnings	3,649
Current and accrued liabilities	<u>546</u>
Total	<u>\$144,195</u>

The application indicates that the proposed transfer would not affect the management or operations of the telephone systems, inasmuch as Pinnacles Telephone Co. would be managed by Rex Bryan.

After consideration the Commission finds that:

1. The proposed transfers would not be adverse to the public interest.
2. The proposed stock would be for a proper purpose.
3. The money, property or labor to be procured or paid for by the stock herein authorized is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary.

In issuing our order herein we place Pinnacles Telephone Co. and its shareholder 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 it should be allowed to earn on its investment in plant, and that the authorization herein granted is not to be construed as a finding of the 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:

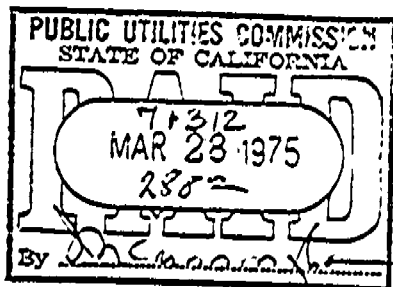
1. Rex Bryan may sell and transfer, and Pinnacles Telephone Co. may purchase and acquire, the telephone systems referred to in the application. The transfer may be made effective as of January 1, 1975, for accounting purposes.
2. On or after the effective date hereof and on or before June 30, 1975, Pinnacles Telephone Co., in acquiring said telephone systems may issue not exceeding 700 shares of its \$100 par value common stock and 700 shares of its \$100 par value preferred stock to Rex Bryan.
3. Pinnacles Telephone Co. shall file with the Commission the report required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.
4. Within thirty days after the consummation of the transfer herein authorized, Pinnacles Telephone Co. 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 said transfer.

5. After the effective date of this order, and not less than five days before the date of actual transfer, Pinnacles Telephone Co. shall file with the Commission a notice of adoption of the presently filed rates and rules of the transferor in accordance with the procedure prescribed by General Order No. 96-A. The effective date of the notice of adoption shall be concurrent with the date of actual transfer. No increases in presently filed rates shall be made unless authorized by this Commission.

6. Within one year after consummation of the transfers herein authorized, Pinnacles Telephone Co. shall refile the tariffs of Rex Bryan, doing business as Bryan Telephone Company and as William Butts Telephone Company, now on file with the Commission, as combined tariffs of Pinnacles Telephone Co. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 96-A.

7. This order shall become effective when Pinnacles Telephone Co. has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$288.

Dated at San Francisco, California, this 25<sup>th</sup> day of MARCH, 1975.



Veran L. Sturgeon  
President  
William Butts  
Leonard R.  
Commissioners