

RR/KLH/SR/WPSC

ORIGINAL

Decision 83 11 005 NOV 2 - 1983

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of SISKIYOU COMMUNICATIONS, INC.,)	Application 83-09-32
for an Order authorizing it to)	(Filed September 7, 1983)
control THE SISKIYOU TELEPHONE)	
COMPANY.)	

O P I N I O N

Siskiyou Communications, Inc. (Applicant), a California corporation, requests authority, under Public Utilities (PU) Code Section 854, to control The Siskiyou Telephone Company (Siskiyou) by acquiring 80% or more of each class of Siskiyou's outstanding stock in exchange for Applicant's stock.

Summary of Decision

This decision grants Applicant the authority to control Siskiyou through the issuance of its own stock to acquire 80% or more of Siskiyou's outstanding common and preferred stock.

Notice of the filing of the application appeared on the Commission's Daily Calendar of September 19, 1983. No protests have been received.

Siskiyou, a California corporation, operates as a public telephone utility under the jurisdiction of this Commission. Siskiyou furnishes telephone service to portions of Siskiyou and Humboldt Counties.

The Siskiyou Telephone Company was incorporated in California on October 10, 1896, as a public utility telephone company offering service primarily in the Etna and Fort Jones areas of Siskiyou County. Members of the Dannenbrink family have owned over 70% of the company's stock since 1916. Mrs. Eleanor Dannenbrink Hendricks, president of the company from 1965 to the present date, is the successor to her brother, Henry Dannenbrink (president from 1941 to 1965) and her father, A. Dannenbrink, (president from 1897 to 1941). Since 1897, the Dannenbrink family has held the large majority of all the shares of stock of the company and has controlled its operations. Today, the direct Dannenbrink line, through share ownership of Mrs. Hendricks and her son, James Hendricks, who is employed by the company, and her nephew, H. A. Dannenbrink, owns 85.7% of the common stock and approximately 80.2% of the preferred stock. Nearly all of the remaining shares of common and preferred stock are owned by members of the Walker families, most of whom live in the area and serve the company in various capacities as employees, officers, and directors. The company has been and continues to be a local family-owned and operated enterprise, very largely by the Dannenbrink family and almost entirely by the Dannenbrink and Walker families. The proposed exchange of common stock for common stock and preferred stock for Applicant's preferred stock on a

one-for-one basis will assure that the control and management of Applicant will be exactly the same as it has been for Siskiyou.

Applicant proposes to acquire 80% or more of each class of Siskiyou's outstanding stock in exchange for Applicant's stock in a tax free reorganization. The officers and directors of Applicant are identical to the officers and directors of Siskiyou. Applicant has conducted no operations to date and presently has no assets. Applicant's sole function is to act as a holding company for Siskiyou's stock. No change in the operations or management of Siskiyou will occur by reason of this transaction. It is not anticipated that Applicant, the holding company, will itself become a utility.

Siskiyou reported in its 1982 Annual Report to the Commission that it had outstanding 2,000 shares of Common Stock, \$5 par value; 360 shares of Preferred Stock 6%, 50% par value; and 16,000 shares of 5.75% Cumulative Class A Preferred Stock, 1st Series, making a total of 18,360 shares, 80% of which would be about 14,688 shares Applicant would be required to provide. Siskiyou's preferred stock has voting rights.

The Commission's Revenue Requirements Division and the Communications Division have reviewed the application and have no objection to the proposed stock transactions or the acquisition of control of Siskiyou by Applicant.

Findings of Fact

1. Siskiyou, a California corporation, operate as a public telephone utility under the jurisdiction of this Commission.
2. Applicant, a California corporation, is a non-utility and is not under the Commission's jurisdiction.
3. The proposed reorganization would not be adverse to the public interest.
4. The proposed reorganization would be for lawful purposes.
5. The performance of Siskiyou under Applicant's control would be basically unchanged and would not be adversely affected.
6. There is no known opposition and there is no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.
2. The application should be granted to the extent set forth in the order which follows.

In issuing our order, we place Siskiyou and its shareholders on notice that we do not regard the number of shares outstanding, or the dividends paid, as measuring the return it should be allowed to earn on its investment. This authorization is not a finding of the value of Siskiyou's or Applicant's stock or properties nor is it indicative of amounts to be included in rate-setting procedures.

The following order should be effective on the date of signature to enable Applicant to issue its stock and to control Siskiyou expeditiously.

O R D E R

IT IS ORDERED that Siskiyou Communications, Inc. (Applicant) may control The Siskiyou Telephone Company (Siskiyou) by acquiring 80% or more of each class of Siskiyou's outstanding stock in exchange for Applicant's stock.

This order is effective today.

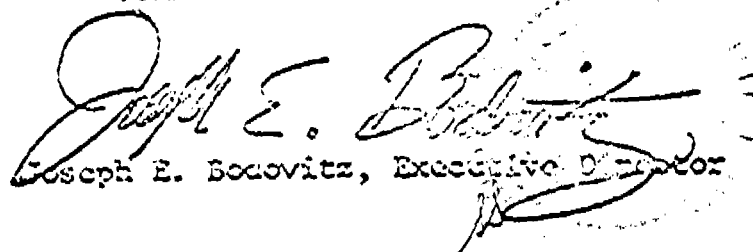
Dated NOV 2 1983 at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
PRISCILLA C. GREW
WILLIAM T. BAGLEY
Commissioners

Commissioner Donald Vial, being necessarily absent, did not participate.

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovitz, Executive Director