

Decision No. 87403 June 1, 1977

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of THE PACIFIC TELEPHONE AND
TELEGRAPH COMPANY, a corporation,
for authority to sell certain toll
central office facilities together
with associated outside plant to
GENERAL TELEPHONE COMPANY OF
CALIFORNIA

Application No. 57267
(Filed May 2, 1977)

O P I N I O N

The Pacific Telephone and Telegraph Company (Pacific) by the above-entitled application has requested authorization under Section 851 of the Public Utilities Code to sell certain toll central office facilities together with associated outside plant to General Telephone Company of California (General), in accordance with the Purchase and Sales Agreement attached to the application as Exhibit 1.

The toll facilities Pacific proposes to sell consist of N Carrier systems and associated equipment in General's Reedley, Fowler and Lindsay central offices, together with associated outside plant consisting of underground cable and interest in duct conduit and manholes. The plant proposed for sale is itemized in the Bill of Sale attached to the application as Exhibit A.

Plant maintenance will be made more efficient by this sale as all of the plant is in General's operating territory and Pacific must dispatch maintenance personnel from Fresno.

This sale of plant is in accordance with intercompany arrangements whereby General will assume ownership of facilities carrying originating and terminating traffic for its exchanges.

The N Carrier equipment to be sold is in very good operating condition, however, it is technologically obsolescent since it could be replaced with T Carrier equipment at a much lower initial investment

and lower maintenance expense. Pacific and General have therefore agreed to base the sales price on the value of equivalent T Carrier equipment. Thus, the companies have determined that the estimated structural value to General is \$141,000. General has agreed to pay and Pacific has agreed to accept \$141,000 plus applicable taxes for the property. The book cost is \$340,883. The depreciation reserve is \$156,170, with a net book cost of \$184,713.

The action taken herein shall not be construed to be a finding of the value of the properties authorized to be transferred.

The Commission finds that the proposed sale will be in the public interest; and that a public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company (Pacific) is authorized to sell and convey to General Telephone Company of California (General) the telephone facilities described in the Bill of Sale attached to the application as Exhibit A, and to complete such transaction in accordance with the terms of the Purchase and Sales Agreement attached to the application as Exhibit 1.
2. Pacific shall, upon completion of this sale, transfer to General its pertinent records, memoranda, and documents pertaining to the property sold.
3. Pacific and General shall account for the sale of the telephone facilities in accordance with the provisions of the Uniform System of Accounts for Class A and Class B Telephone Companies, and, within sixty days after the completion of the transfer, each shall file a copy of each journal entry used to record the sale or purchase on its books.
4. If the authorization herein granted is exercised, General shall, within thirty days thereafter, notify this Commission in writing of the date of such completion of the property transfer, and

shall file a true copy of the bill of sale or other instrument of transfer.

5. The authority granted herein shall expire one year after the effective date of this order. In the event that the transfer of the property is not completed, Pacific shall so notify this Commission in writing.

6. Upon transfer of the property, Pacific is relieved of any further public utility responsibilities in connection with the transferred property.

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

Dated at San Francisco, California, this 1st day of JUNE, 1977.

Robert Bateman
President
William S. Lyons Jr.
Vernon L. Sturgeon
Charles D. Chavira
Commissioners