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Decision No. 88609 MAR 21 1978

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
BLUE MOUNTAIN TELEPHONE, INC. For an)	Application No. 57830
Order Exempting it from Regulation)	(Filed January 24, 1978)
under Sections 816 through 852 of the)	
Public Utilities Code.)	

O P I N I O N

Blue Mountain Telephone, Inc. (Blue Mountain) seeks an order of the Commission exempting it from the provisions of Sections 816 through 852 of the California Public Utilities Code, which sections pertain to "Stocks and Security Transactions" and "Transfer or Encumbrance of Utility Property".

Blue Mountain is a corporation organized under the laws of the State of Oregon and is presently engaged in the business of providing telephone service in that State.

Blue Mountain is a wholly-owned subsidiary of Telephone Utilities, Inc. (TU), also an Oregon corporation. In order to produce administrative and operating economies and cost savings, TU is planning to merge four of its other wholly-owned subsidiaries into Blue Mountain, with the latter to be the surviving corporation. As a result of the merger, Blue Mountain would succeed to all rights and obligations of the constituent companies, including assumption of their indebtedness.

One of the constituent companies, Beaver State Telephone Company (Beaver State) has operations in the unincorporated California community of New Pine Creek, Modoc County. Beaver State serves a contiguous area in Lake County, Oregon, and, as an accommodation to California customers, extended exchange service into New Pine Creek on June 1, 1972. Blue Mountain has no plans to expand its California service area.

Blue Mountain states that after the merger it will be providing service to approximately 10,000 telephones over 2,550 miles of telephone line in Oregon and to approximately 75 telephones over 27 miles of telephone line in California. Blue Mountain notes that the terms and conditions of its existing and future securities issuances and borrowings are subject to the review and approval of the Public Utility Commissioner of Oregon. For the foregoing reasons, Blue Mountain requests that it be exempted from the provisions of Sections 816 through 852 of the Public Utilities Code, effective upon the merger of Beaver State with and into Blue Mountain. We note that Beaver State has been previously exempted from Sections 816 through 852 of the California Public Utilities Code by Decision No. 80710, dated November 8, 1972.

The Communications Division has reviewed the application and concurs with the Finance Division's conclusion that an exemption should be granted.

After consideration of the minor nature of Blue Mountain's California operations, the Commission, pursuant to Sections 829 and 853 of the California Public Utilities Code, finds that the application of Sections 816 through 852 of the California Public Utilities Code to Blue Mountain Telephone, Inc., is not, under present conditions, necessary in the public interest, and concludes that Blue Mountain should, until further order of this Commission, be exempted from Section 816 through 852 of the Public Utilities Code. A public hearing is not necessary.

O R D E R

IT IS ORDERED that Blue Mountain Telephone, Inc. is, until further order of this Commission, exempted from the provisions of Sections 816 through 852 of the Public Utilities Code.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 21st day of MARCH, 1978.

Robert Bateman
President
William Lyons, Jr.
Leon A. Altman
Robert W. Heath
Clair DeWitt
Commissioners