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Decision 98-03-028 March 12, 1998

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of  
FORESTHILL CORPORATION, for an Order  
authorizing it to control FORESTHILL  
TELEPHONE CO. (U-1009-C).

Application 97-11-015  
(Filed November 12, 1997)

**ORIGINAL**

**O P I N I O N**

By application dated November 5, 1997 and filed with the Commission on November 12, 1997, Foresthill Corporation (applicant) seeks authority for it to acquire control of Foresthill Telephone Co. (U-1009-C) (FTC).

Notice of the filing of the application appeared in the Commission's Daily Calendar on Friday, November 14, 1997. No protests or other opposition to the application have been filed and the time for filing such opposition has now expired. No hearing on the application is deemed necessary.

**The Parties**

Foresthill Corporation (Foresthill) is a California corporation having its principal place of business in Foresthill, California. Its mailing address is Post Office Box 1189, Foresthill, California 95631-1189. Foresthill was established for the purpose of this transaction only.

Foresthill Telephone Co. (FTC) is a California corporation having its principal place of business in Foresthill, California. Its mailing address is Post Office Box 1189, Foresthill, California 95631-1189.

FTC, as the successor to an unincorporated family business, was incorporated on August 17, 1956, as a public utility telephone company offering service in Placer County, California, and Ralph E. Hoepfer, who has served as its President since the date of incorporation, has owned 100% of the company's stock since its incorporation. The company has been and continues to be a local, family-owned and family-operated enterprise.

FTC is a closely held corporation whose stock is not publicly traded. It operates a 2,700 access line telephone system in a rugged and sparsely populated unincorporated section of Placer County known as Foresthill and areas contiguous thereto. FTC furnishes local, toll, and access telephone services throughout its service area to largely residential customers with few businesses. Its telephone system consists mainly of a local exchange telephone network and facilities for its interconnection, including underground and aerial cable and lines, all-digital central office, land, buildings, and miscellaneous equipment. (Decision 97-04-033. slip opin. at pp. 4-5, 4/11/97.)

#### **The Transaction**

Applicant proposes to acquire control of FTC by acquiring not less than eighty-one percent (81%) and up to one-hundred percent (100%) of the issued and outstanding shares of stock of FTC in a share-for-share stock exchange in a tax-free reorganization, following which applicant will function as a holding company for the stock of FTC.

Although such an exchange technically represents a change in control requiring this Commission's approval, it does not constitute an actual change in management personnel or the indirect stock control of the company. The officers and directors of the applicant are identical to the officers and directors of FTC and no change in personnel, operation, or management of FTC will occur as a result of this transaction.

No assets of FTC will be sold as a condition of the transaction, and the creditworthiness of the company will not be affected in any manner by the exchange of stock. The present credit standing of FTC is independent of the net worth of its present shareholder, since the present shareholder has never guaranteed any obligations of FTC, nor does he intend to in the future.

#### **Reason for the Transaction**

Applicant and FTC seek to transfer control of FTC to applicant as a family-owned holding company to facilitate estate and financial planning of the present shareholder of FTC and his family. It is neither anticipated nor intended that the holding company will itself become a public utility. The stock exchange will assure that control and management of applicant will remain the same as it has been for FTC. Since

operation and management of FTC will remain unchanged as a result of the acquisition of control, as will the terms and conditions of service, the transfer of control will have no impact on the public in general or on the subscribers in particular, and by reason thereof, will not be adverse to the public interest.

### **Conclusion**

In view of the foregoing, we find nothing that would preclude approval of the application, thus we will approve the same.

### **Findings of Fact**

1. FTC, the successor to an unincorporated family business, is a California corporation engaged in business as a public utility telephone company.
2. FTC has been assigned corporate identification number U-1009-C by this Commission.
3. Foresthill Corporation is a California corporation formed for the purpose of acquiring and holding at least 81% and up to 100% of the issued and outstanding stock of FTC, thus acquiring control of FTC.
4. The stock of FTC will be acquired in a equal, one-for-one, share-for-share exchange for the stock of Foresthill Corporation.
5. There will be no change in personnel or manner of operation of FTC as a result of the acquisition by it of the stock of FTC.
6. No assets of FTC will be sold as a condition of the transaction and the creditworthiness of the company will not be affected in any manner by the exchange of stock.
7. Foresthill Corporation and FTC seek to transfer control of FTC to Foresthill Corporation as a family-owned holding company to facilitate estate and financial planning of the present sole shareholder of FTC and his family.

### **Conclusions of Law**

1. The transfer of control of FTC by Foresthill Corporation will have no adverse impact on the public in general or the subscribers of FTC in particular.
2. The application should be approved effective today.

**O R D E R**

**IT IS ORDERED that:**

1. The application for Foresthill Corporation to acquire at least 81% and up to 100% of the outstanding shares of stock of Foresthill Telephone Co. (FTC) is approved.
2. FTC is authorized to continue to do business under its present name and is authorized to continue to provide all services authorized by its certificate of public convenience and necessary (CPCN), subject to any and all limitations imposed by said CPCN.
3. FTC shall continue to be assigned corporate identification number U-1009-C, and shall continue to include the same in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.
4. Application 97-11-015 is closed.

This order is effective today.

Dated March 12, 1998, at San Francisco, California.

**RICHARD A. BILAS**  
President  
**P. GREGORY CONLON**  
**JESSIE J. KNIGHT, JR.**  
**HENRY M. DUQUE**  
**JOSIAH L. NEEPER**  
Commissioners