HS

Decision No. 11855.

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA

*****

ORIGINAL

In the Matter of the Application of
MANTECA TELEPHONE COMPANY,
a corporation, to acquire property
and issue stock for such property and
for new construction; and application
of C.W. FORBES and M.A. FORBES to sell
a telephone plant and system to the
MANTECA TELEPHONE COMPANY.

Application No. 8778.

DeLaveaga and Magee, for applicants.

MARTIN, Commissioner.

OPINION.

The Railroad Commission is asked to make an order authorizing C.W. FORBES and M.A. FORBES to sell, transfer and convey to the MANTECA TELEPHONE COMPANY, a corporation, all of their telephone plant, equipment and other property owned and used by them in the operation of the Manteca telephone plant at Manteca. The Manteca Telephone Company, a corporation, asks permission to acquire the properties, to issue for the purposes indicated below $43,500.00 of stock and not exceeding $8,000.00 face value of notes and to execute a mortgage to secure the payment of the notes.

Manteca Telephone Company, a corporation, was organized on or about February 7, 1923, with an authorized capital stock of $50,000.00, divided into 500 shares of $100.oo each. Applicant, Manteca Telephone Company, asks permission to issue $40,000.00 of its stock to C.W. Forbes and M.A. Forbes in payment for the telephone properties which they have agreed to sell to the corporation. In Exhibit No. 3, applicants report as of January 17, 1922, the re-

158

production cost of the telephone properties at $53,690.00, the accrued depreciation at $7,580.00 and the structural value at $46,110.00. This valuation is based on prices prevailing on January 17, 1922. The historical cost of the properties appears to be approximately $33,000. It is for the purpose of acquiring these properties that the Manteca Telephone Company asks permission to issue $40,000.00 of stock. This request has been considered and we believe that the company should not issue more than $35,000. of stock in payment for the properties.

Applicant, Manteca Telephone Company, also asks permission to issue and sell at par $1,500.00 of stock to purchase a lot on which to construct an exchange building and $2,000.00 of stock to obtain moneys to pay the cost of installing new cables, pole lines and provide for other necessary construction.

Applicant, Manteca Telephone Company, intends to begin forthwith the construction of a new telephone exchange building. At present the central office equipment owned by C.W. Forbes and M. A. Forbes is located in a rented building. Plans of the new building are on file in this proceeding. The cost of the new building is estimated at $7,000.00. Arrangements are being made to borrow for a term of ten years such an amount of money, not exceeding $8,000.00, as may be necessary to pay for the building. There has not been filed with the Commission a copy of the proposed mortgage securing the payment of the note. The Commission cannot authorize the execution of a mortgage until a copy of such mortgage has been filed. The order herein will permit the issue of the stock. The issue of the note and the execution of the mortgage will be authorized by supplemental order.

The transfer of the telephone properties, which are the subject of this application, will not result in any change in the management of such properties.

I herewith submit the following form of Order:

ORDER.

C.W. FORBES and M.A. FORBES having applied to the Railroad Commission for permission to sell to the MANTECA TELEPHONE COMPANY, a corporation, their telephone plant and properties, and MANTECA TELEPHONE COMPANY, a corporation, having applied to the Commission for permission to issue stock and notes and execute a mortgage, a public hearing having been held and the Railroad Commission being of the opinion that the MANTECA TELEPHONE COMPANY, a corporation, should be authorized to issue $38,500.00 of stock and not exceeding $8,000.00 of notes, all as herein provided, and that the money, property or labor to be procured or paid for by the issue of such stock or notes is reasonably required by MANTECA TELEPHONE COMPANY, a corporation, therefore--

IT IS HEREBY ORDERED, that C.W. FORBES and M.A. FORBES be, and they are hereby, authorized to sell, transfer and convey to the MANTECA TELEPHONE COMPANY, a corporation, all of the plant, equipment and other property owned and used by them in the operation of the Manteca telephone company at Manteca.

IT IS HEREBY FURTHER ORDERED, that MANTECA TELEPHONE COMPANY, a corporation, be and it is hereby, authorized to acquire such properties, to issue $38,500.00 of stock and not exceeding $8,000.00 face value of notes.

The authority herein granted to issue stock and notes is for the following purposes, subject to the following conditions:

(1)--Of the stock herein authorized to be issued $35,000.00 may be delivered to C.W. Forbes and M.A. Forbes in payment, free and clear of all encumbrances, for the telephone properties which they are hereby authorized to sell and transfer to Manteca Telephone Company,

160

a corporation.

(2)--Of the stock herein authorized to be issued, $3,500.00 shall be sold by applicant, Manteca Telephone Company, a corporation, for not less than par and the proceeds used to acquire a suitable lot or parcel of land for the erection of a telephone exchange building and for the acquisition and installation of new cables and pole lines and other construction work necessary in the enlargement and repair of the telephone system at Manteca.

(3)--The note herein authorized to be issued shall not be delivered until the Commission has by supplemental order authorized the execution of a mortgage securing the payment of such note. The note shall be sold for not less than face value thereof and the proceeds used to pay the cost of constructing the telephone exchange building referred to in this application.

(4)--The consideration being paid for the telephone properties, which are the subject of this application, shall not be urged before this Commission, or any other public body, as a measure of value of the properties for the purpose of fixing rates or for any purpose other than the transfer herein authorized.

(5)--Manteca Telephone Company shall keep such record of the issue, sale and delivery of the stock and notes herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable is made a part of this order.

(6)--The authority herein granted to transfer properties and issue stock will become effective on the date hereof and will expire on September 1, 1923.

(7)--The authority herein granted to issue a note will become effective upon the payment of the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is $25.00, and the execution of a mortgage pursuant to the terms of a supplemental order of the Commission authorizing the execution of such mortgage to secure the payment of the note.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 30th day of March, 1923.

RAILROAD COMMISSION
STATE OF CALIFORNIA
1923
By .... SECRETARY

C. L. Seavey
H. W. Brundige
Irving Martin
Egerton Shore