

ORIGINAL

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Decision No. 12043.

BEFORE THE RAILROAD COMMISSION OF  
THE STATE OF CALIFORNIA

In the Matter of the Application of the )  
HUNTINGTON BEACH TELEPHONE COMPANY )  
for permission to issue 25,500 shares )  
of its capital stock. )

Application No. 8868

ERNEST IRWIN, for Applicant.

MARTIN, Commissioner.

O P I N I O N .

In this application HUNTINGTON BEACH TELEPHONE COMPANY asks permission to issue \$25,500.00 of its capital stock for the purpose of paying indebtedness and of financing the cost of additions and betterments.

Huntington Beach Telephone Company was organized on or about August 31, 1916, with an authorized capital stock of \$50,000. divided into 50,000 shares of the par value of \$1.00 each. The company reports that during 1921 its gross revenues were \$15,964.47 and during 1922, \$21,433.83. Operating expenses, taxes and other deductions were \$12,374.46 in 1921 and \$20,819.50 in 1922, and net profits \$3,590.01 in 1921 and \$614.33 in 1922. Applicant reported 271 subscribers on December 31, 1920, 432 on December 31, 1921 and 515 on December 31, 1922.

As of December 31, 1922, it reports assets and liabilities as follows:

ASSETS:

Plant and Equipment . . . . .	\$50,175.80
Cash . . . . .	371.37
Accounts Receivable . . . . .	2,018.82
Materials and Supplies . . . . .	<u>1,027.59</u>
Total <u>ASSETS</u> . . . . .	<u>\$53,593.58</u>

LIABILITIES:

Capital Stock . . . . .	\$24,500.00
Accounts Payable . . . . .	20,516.42
Reserve for Accrued Depreciation . . . . .	3,938.58
Other Credit Accounts . . . . .	91.00
Surplus . . . . .	<u>4,547.58</u>
Total <u>LIABILITIES</u> . . . . .	<u>\$53,593.58</u>

The company now proposes to issue and sell, at par, all of its unissued capital stock, amounting to \$25,500.00, for the purpose of financing in part expenditures for capital purposes made prior to December 31, 1922 and described in "Exhibit B" filed in this proceeding. It plans to use \$18,492.21 of the proceeds to pay open account indebtedness which was incurred in making capital additions and to use the remainder of the proceeds, \$7,007.79, to reimburse itself for moneys expended from income for capital purposes and not heretofore capitalized. The record, however, shows that applicant's surplus earnings invested in property, on December 31, 1922, amounted to only \$4,547.58, and I believe that applicant can be permitted to reimburse its treasury with proceeds from the sale of stock only to that extent. The remaining expenditures of \$2,460.21 for which applicant seeks reimbursement, apparently were made with moneys represented by its reserve for accrued depreciation, as testimony herein indicates that all of such reserve has been invested in fixed capital. The

\$2,460.21 must be used by applicant to pay the cost of replacements for which its reserve for accrued depreciation is created, or temporarily invested in additions and betterments.

I herewith submit the following form of Order:

O R D E R

HUNTINGTON BEACH TELEPHONE COMPANY having applied to the Railroad Commission for permission to issue and sell stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue and sale is reasonably required by applicant;

IT IS HEREBY ORDERED, that HUNTINGTON BEACH TELEPHONE COMPANY be, and it is hereby, authorized to issue and sell, for cash, at not less than par, \$25,500.00 of its capital stock for the purpose of paying indebtedness and of financing, in part, the cost of additions and betterments.

The authority herein granted is subject to further conditions as follows:

- (1)-----Applicant shall keep such record of the issue, sale and delivery of the stock 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.

(2)-----The authority herein granted shall become  
effective on the date hereof and  
will expire on December 1, 1923.

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

Dated at San Francisco, California, this 8<sup>th</sup>  
day of May, 1923.

C. A. Leary  
H. A. B. ...  
Irving Martin  
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Commissioners