

DEEM

ORIGINAL

Decision No. 14660

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the matter of the application of	)	
RIO VISTA TELEPHONE AND TELEGRAPH	)	
COMPANY, a corporation, for an order	)	Application No. 10783
authorizing the issue of \$16,600.	)	
par value of its common capital stock.	)	

GEORGE F. WEST, for Applicant.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to make an order authorizing Rio Vista Telephone and Telegraph Company to issue \$16,600. of its common capital stock to reimburse its treasury on account of earnings invested in its properties and heretofore not capitalized and thereafter to distribute it to the holders of its outstanding stock as a stock dividend.

The record shows that Rio Vista Telephone and Telegraph Company was organized on or about May 19, 1893, with an authorized capital stock of \$30,000. divided into 300 shares of the par value of \$100. each, all common. At present \$4,150. of stock is outstanding which is reported held as follows:-

George F. West	\$2,450.
J. M. Sullivan	500.
Willard Bethel	300.
F. J. Kalber	300.
John Cook	100.
Julia Cook	100.
L. P. Larsen	100.
Ethel Valente	100.
Edith West	100.
Total	<u>\$4,150.</u>

As of February 28, 1925, applicant reports its assets and liabilities as follows:-

ASSETS

Plant and Equipment . . . . .		\$24,631.95
Intangibles	\$115.00	
Central Office equipment	1,348.11	
Station Equipment	2,444.43	
Exchange Lines	2,969.24	
Toll Lines	11,125.24	
General Equipment	1,444.42	
Plant and equipment in service Jan. 1, 1915	5,185.51	
Cash . . . . .		1,423.76
Accounts Receivable . . . . .		1,071.87
Materials and Supplies . . . . .		135.00
Total Assets . . . . .		<u>\$27,262.58</u>

LIABILITIES

Capital Stock . . . . .		\$4,150.00
Accounts Payable . . . . .		840.72
Accrued Liabilities not due . . . . .		100.00
Reserve for Accrued Depreciation . . . . .		1,601.43
Other credit accounts		
Appreciated value in fixed capital . . . . .		3,781.68
Surplus . . . . .		16,788.75
Total Liabilities . . . . .		<u>\$27,262.58</u>

By Decision No. 7832, dated July 9, 1920, (Vol. 18, Opinions and Orders of the Railroad Commission of California, page 532) the Commission adjusted applicant's rate schedule, using as a rate base the sum of \$24,300., which was said to represent the historical reproduction cost of the company's property as of October 16, 1919. As of the same date the histor-

ical reproduction cost less depreciation was reported at \$18,544., which amount subsequently was set up on the company's books. To the \$18,544. has been added the net cost of additions and betterments resulting in a total charge to Plant and Equipment of \$24,631.95.

It appears that the \$4,150. of stock now outstanding was issued prior to March 23, 1912, the effective date of the Public Utilities Act. From annual reports filed with the Commission, it appears that since that date but three dividends have been paid; one of 15 per cent. in 1912; a second of 10 per cent. in 1913; and the third of 10 per cent. in 1924. It is reported, and the foregoing balance sheet indicates, that the surplus earnings, other than those distributed as dividends, have been retained in the company's business and invested in its assets.

As of February 28, 1925, the corporate surplus unappropriated was reported at \$16,788.77. In the opinion of applicant's officers, this amount represents the surplus earnings of the company invested in assets up to that date. After giving consideration to the record and to financial statements filed by the company, we are of the opinion that applicant should at this time be authorized to issue \$16,600. of stock for the reimbursement of its treasury. After such reimbursement, applicant may, as permitted by law, distribute such stock to its present stockholders as a stock dividend.

#### O R D E R

Rio Vista Telephone and Telegraph Company having applied to the Railroad Commission for permission to issue \$16,600. of its common capital stock, a public hearing having been held before

Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required for the purpose specified herein, and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Rio Vista Telephone and Telegraph Company be, and it is hereby, authorized to issue, at par, on or before July 1, 1925, \$16,600. of its common capital stock to reimburse its treasury on account of earnings invested in properties prior to February 28, 1925.

The authority herein granted is subject to the following conditions:-

1. Applicant may, after reimbursing its treasury, distribute the stock herein authorized to be issued to its present stockholders, as permitted by law as a stock dividend.
2. Applicant shall keep such record of the issue and delivery of the stock herein authorized as will enable it to file within 30 days after such issue and delivery a verified report, as required by the Railroad Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.
3. The authority herein granted shall become effective upon the date hereof.

Dated at San Francisco, California, this 13<sup>th</sup> day of March, 1925.

H. B. Burdige  
C. Seavey

Emmuel

Commissioners.