

ORIGINAL

Decision No. 17827

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SAN FERNANDO TELEPHONE AND)
 TELEGRAPH COMPANY,)
 a corporation, for authority to) Application No. 13330.
 issue stock.)

Ernest Irwin, for applicant.

BY THE COMMISSION:

O P I N I O N

San Fernando Telephone and Telegraph Company, a corporation, engaged in giving telephone service in and about the City of San Fernando, asks permission to issue and sell, at not less than par, 100 shares of its common capital stock of the aggregate par value of \$10,000.00.

As of November 1, 1926, applicant reports its assets and liabilities as follows:-

<u>ASSETS:</u>		
Fixed Capital	\$93,403.40	
Cash	347.02	
Due from subscribers	5,311.71	
Materials and supplies	701.94	
Special deposit	3.12	
Prepayments	480.18	
Total Assets		<u>\$100,247.37</u>

<u>LIABILITIES:</u>		
Capital Stock	\$40,000.00	
Funded debt	14,250.00	
Notes payable	2,000.00	
Accounts payable	8,521.18	
Accruals	447.50	
Reserve for depreciation	13,249.90	
Surplus	21,778.79	
Total Liabilities		<u>\$100,247.37</u>

The company has an authorized capital stock of \$50,000.00 divided into 500 shares of the par value of \$100.00 each, all common, of which stock in the amount of \$40,000.00 is outstanding. Reports on file with the Commission show that the outstanding stock is held by E. J. McHugh, Walter F. Dunn, J. M. Baldwin and Anna Lorena Baldwin, and it is of record in this proceeding that the \$10,000.00 of stock which the company now seeks permission to issue will be purchased by the present stockholders.

The company proposes to issue the proceeds to be received from the sale of its stock for the following purposes:-

To reimburse treasury	\$4,927.32
Estimated labor, November and December, 1926, completing cable estimate	600.00
New switchboard section	3,783.35
Estimate of freight and installation of switchboard section	<u>750.00</u>
Total	<u>\$10,060.67</u>

In Exhibit "1" the company reports that during the first eleven months of 1926 it expended \$4,927.32 for cable, material and labor for central office equipment, station equipment and exchange lines, and it asks permission to reimburse its treasury on account of such expenditures. At the hearing, however, it developed that the \$4,927.32 was obtained primarily from advances by stockholders and we believe therefore that the order herein should authorize the company to use \$4,927.32 of stock proceeds to pay indebtedness rather than to reimburse its treasury.

The company has not yet furnished the Commission with

sufficiently detailed information on the proposed expenditures in excess of the \$4,927.32 and the order herein will therefore direct that all proceeds in excess of \$4,927.32 be expended only when and as authorized by the Commission in subsequent orders.

O R D E R

San Fernando Telephone and Telegraph Company having applied to the Railroad Commission for permission to issue and sell \$10,000.00 of 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 such issue and sale is reasonably required for the purposes specified herein, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that San Fernando Telephone and Telegraph Company be, and it hereby is, authorized to issue and sell for cash at not less than par on or before December 31, 1927, \$10,000.00 of its common capital stock and to use \$4,927.32 of the proceeds to pay outstanding indebtedness and to use the remaining proceeds, when and as authorized by the Commission in subsequent orders, to pay for additions and extensions to its telephone properties.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hercof, and, further,

that applicant shall keep such record of the issue and sale 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, insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 30th
day of December, 1926.

H. B. ...

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Commissioners.