

LEM

Decision No. 18161

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
POMONA VALLEY TELEPHONE AND TELEGRAPH
UNION, a corporation, for authority
to issue stock.)

Application No. 13529

ORIGINAL

R.K.Pitzer, for applicant.

BY THE COMMISSION:

O P I N I O N

Pomona Valley Telephone and Telegraph Union asks permission to issue and sell at par \$100,000.00 of its common capital stock and use the proceeds to pay notes and the cost of additions and betterments to which reference will be made hereafter.

Applicant owns and operates a telephone system in the cities of Pomona, La Verne and Claremont and in the unincorporated territory adjoining said cities, including the unincorporated towns of San Dimas, Spadra and Walnut in Los Angeles and San Bernardino Counties. It also leases and operates the property of the Home Telephone and Telegraph Company which serves the City of Chino and surrounding territory in San Bernardino County.

The company has an authorized capital stock of \$200,000.00 divided into 40,000 shares of the par value of \$5. each. Stock in the amount of \$100,000.00 is now outstanding. In addition to the outstanding stock the company reports outstanding \$200,000.00 of bonds and \$25,000.00 of notes. It is of record that the notes have been issued to pay construction expenditures and that it is the intention of the company to pay the notes through the use of stock proceeds.

The company reports that during 1926 its net construction expenditures amounted to \$37,596.79. Its principal construction expenditures for 1927 are reported at \$28,441.12 which, added to the \$37,596.79 makes a total expenditure which has not been financed through the issue of stock amounting to \$66,037.91. The \$28,441.12 of estimated construction expenditures consists of the following items:-

Cable, Southwest Pomona	\$5,657.68	
Cable, N. Eleanor St. Pomona	3,283.44	
Cable, Southeast Pomona, \$4,000. less replacements	3,000.00	
Average telephone installations, 300 at \$15.	4,500.00	
1/2 Claremont automanual extensions	4,000.00	
La Verne cable No. D St.	1,000.00	
Pomona switchboard 100 line extension	1,000.00	
Underground conduit and cable	<u>5,000.00</u>	\$28,441.12

Representatives of applicant believe that it may be called upon during 1927 to incur additional expenditures. They were, however, unable to inform the Commission of the nature of such expenditures. They agree to place the proceeds obtained from the sale of stock over and above the \$66,037.91 referred to herein in a special bank account and expend it only as hereafter authorized by a supplemental order or orders of the Commission. It occurs to us that as to the issue of \$33,960.00 of stock the evidence does not warrant the Commission to make a finding that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required by applicant. We believe that this application insofar as it involves the issue of the \$33,960.00 of stock should be dismissed without prejudice.

O R D E R

Pomona Valley Telephone and Telegraph Union, having asked permission to issue \$100,000.00 par value of its common capital stock, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that applicant should be permitted to issue stock in the amount of \$66,040.00 and this application insofar as it involves the issue of \$33,960.00 of stock should be dismissed without

prejudice and that the money, property or labor to be procured or paid for by the issue of stock herein authorized is reasonably required by applicant and that the purposes for which such stock may be issued are not in whole or in part reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED that the Pomona Valley Telephone and Telegraph Union be, and it is hereby, authorized to issue and sell on or before December 1, 1927 at not less than par \$66,040.00 par value of its common capital stock and use the proceeds obtained from the sale of such stock to pay the \$25,000.00 of note indebtedness referred to in applicant's Exhibit No. 1, filed in this proceeding, to reimburse its treasury on account of earnings expended for additions and betterments and to pay the cost of constructing the extensions, additions and betterments and improvements described in said Exhibit No. 1.

IT IS HEREBY FURTHER ORDERED that this application insofar as it involves the issue of \$35,960.00 par value of common capital stock be dismissed without prejudice.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof and that 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 insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 4th day of April, 1927.

[Signature]
[Signature]
[Signature]
[Signature]

Commissioners.