

Decision No. 20273

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SANTA BARBARA TELEPHONE COMPANY,)
a corporation, for authority to)
issue and sell its common capital)
stock of the par value of \$50,000,)
and its general and refunding mort-)
gage bonds of the principal amount)
of \$150,000.00.)

Application No. 14989.

Chickering & Gregory, by W. C. Fox,
for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Railroad Commission is asked to make its order authorizing Santa Barbara Telephone Company to issue and sell, at par, \$50,000.00 of its common capital stock and, at not less than 97, \$150,000.00 of its series "A" general and refunding mortgage five and one half percent bonds, due 1946, and to use the proceeds to reimburse its treasury and to finance the cost of construction expenditures.

The company reports, in Exhibit "A", that it has an authorized capital stock of \$2,500,000.00 divided into 25,000 shares of the par value of \$100.00 each, of which 5,000 shares are preferred and 20,000 shares are common. As of July 31, 1928, it reports outstanding \$700,000.00 of stock, consisting of \$500,000.00 of preferred and \$200,000.00 of common. In addition it reports

outstanding \$917,200.00 of bonds consisting of \$417,200.00 of first mortgage five percent bonds due 1946 and \$500,000.00 of general and refunding mortgage five and one half percent bonds due 1946.

Applicant's assets and liabilities as of the same date are reported as follows:-

ASSETS:

Fixed capital	\$1,932,318.88
Construction work in progress	305,823.03
Cash and deposits	9,600.47
Marketable securities	200.00
Bills receivable.	1,416.89
Accounts receivable	35,990.01
Materials and supplies.	63,901.42
Sinking fund assets	12,303.43
Prepayments	954.89
Unamortized debt discount and expense.	44,016.75

Total Assets \$2,406,525.77

LIABILITIES:

Capital stocks:-

Common	\$200,000	
Preferred.	500,000	\$700,000.00
Funded debt		917,200.00
Bills payable		122,839.13
Accounts payable.		121,090.61
Accruals.		27,696.76
Employee's benefit fund		5,017.21
Reserve for depreciation.		269,725.34
Surplus		242,956.72

Total Liabilities \$2,406,525.77

In making this application to issue additional stock and bonds the company reports, in its Exhibits "B" and "1", that up to July 31, 1928, it had expended for capital additions the sum of \$273,350.84 which had not been paid or provided through the issue of stock and bonds, and it estimates, in its Exhibit "2" that during the remainder of 1928 and during 1929 it will expend for additions to plant the sum of \$174,129.94.

Although the uncapitalized construction expenditures

are reported at \$273,350.84 applicant at this time seeks permission to use only \$161,538.57 of the proceeds from the sale of its stock and bonds to reimburse its treasury on account of such expenditures. In this connection R. E. Easton, applicant's president, testified that after reimbursement approximately \$107,000.00 of such \$161,538.57 of proceeds would be used to pay indebtedness in favor of Automatic Electric Company and Graybar Electric Company that had been incurred in making construction expenditures prior to July 31, 1928, and the remainder would be used to finance in part the construction expenditures subsequent to July 31, 1928, described in said Exhibit "2".

O R D E R

Santa Barbara Telephone Company having applied to the Railroad Commission for permission to issue stock and bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the issue of the stock and bonds is reasonably required for the purposes specified herein which purposes are not in whole or in part reasonably chargeable to operating expense or to income,

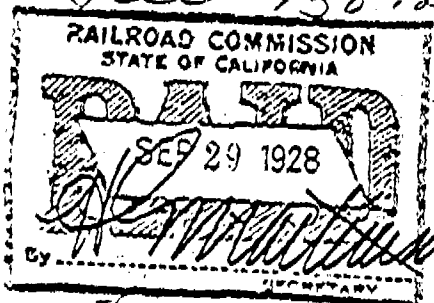
IT IS HEREBY ORDERED that Santa Barbara Telephone Company be, and it hereby is, authorized to issue and sell \$50,000.00 of its common capital stock at not less than par and \$150,000.00 of its general and refunding mortgage five and a half percent bonds, series "A", at not less than 97 percent of face value plus accrued interest, and to use not exceeding \$161,538.57 of the proceeds to be derived through the issue and sale of such bonds and stock to pay indebtedness and reimburse its treasury on account of expenditures for capital purposes made prior to July 31, 1928, and to use the remaining proceeds to finance in part the construction expenditures set forth in Exhibit "2".

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

- (1) Applicant shall keep such record of the issue and sale of the stock and bonds 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.
- (2) The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Hundred and Fifty (\$150.00) Dollars, provided that under such authority no bonds or stock may be issued, sold or delivered subsequent to September 30, 1929.

DATED at San Francisco, California, this

28th day of September, 1928.



Leon Whitall
Secretary
Thomas D. Lockett
W. J. Linn
Commissioners.