

LEM

Decision No. 29724.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
WHITTIER HOME TELEPHONE AND TELEGRAPH
COMPANY, a corporation, for authority
to issue stock.

Application No. 15296

Ernest Irwin, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application the Whittier Home Telephone and Telegraph Company ask permission to issue and sell at 95 percent of its par value, \$70,700.00 of its common capital stock and use the proceeds to pay indebtedness.

Applicant owns and operates a telephone system serving the City of Whittier and the territory adjacent thereto, including the City of La Habra and portions of Los Angeles and Orange Counties. It has an authorized stock issue of \$1,000,000.00 divided into \$800,000.00 of common stock and \$200,000.00 of six percent preferred stock. At present \$480,000.00 of stock, all common, is outstanding, of which \$60,000.00 was issued prior to March 23, 1912, the effective date of the Public Utilities Act, and \$420,000.00 under the authority granted by Decision No. 17953, dated February 2, 1927, as amended by Decision No. 18019 dated February 27, 1927.

For 1926, 1927 and eleven months of 1928 applicant reports revenues and expenses as follows:-

ITEM	1926	1927	1928 11 mos.
Operating revenue	\$143,762.97	\$145,301.83	\$152,008.58
Operating expense	79,288.25	81,473.22	84,281.69
Net operating revenue	64,474.72	63,828.61	67,726.89
Tax accruals	12,696.71	13,901.44	14,203.64
Balance.....	51,778.01	49,927.17	53,523.25
Nonoperating income	41.28	140.40	233.35
Gross income	51,819.29	50,067.57	53,756.60
Rent and other deductions	1,164.10	1,846.85	1,490.67
Net income.....	\$50,655.19	\$48,220.72	\$52,265.93

Assuming that the \$70,700.00 of stock had been outstanding during the period, we find that applicant's net income for 1926 was equivalent to 9.2 percent on \$550,700.00, to 8.8 percent in 1927, and to 9.9 percent for the eleven months of 1928.

On January 1, 1929 applicant redeemed, because of their maturity, \$39,100.00 of bonds. It borrowed the money to pay such bonds. It reports that since December 1, 1926 and to and including November 30, 1928 it acquired or constructed properties at a net cost of \$85,933.89. In acquiring and/or constructing these properties it incurred an indebtedness of \$30,000.00. Among the properties acquired was a lot adjoining the company's office building, central office equipment, automatic station apparatus, cable and pole lines. In addition to this indebtedness applicant as of November 30, 1928 reports current liabilities of \$27,540.86. It is for the purpose of paying indebtedness that applicant asks permission to issue the \$70,700.00 par value of stock. Applicant asks permission to sell its stock at \$95.00 per share net. In view of applicant's earnings we feel that the stock should be sold at par and the order will so provide.

O R D E R

Whittier Home Telephone and Telegraph Company having applied to the Railroad Commission for permission to issue \$70,700.00 par value 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 by the issue of such stock is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED that Whittier Home Telephone and Telegraph Company be, and the same is hereby, authorized to issue and sell at not less than par on or before October 1, 1929, \$70,700.00 par value of its common capital stock and use the proceeds to pay indebtedness incurred on account of the redemption and payment of \$39,100.00 of bonds on January 1, 1929, and the acquisition and construction of additions and betterments to its fixed capital.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective ten days after the date hereof, and that Whittier Home Telephone and Telegraph Company 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 30th day of January, 1929.

Thos. S. Loutch
Commissioner
Edmund L. Lott
Leon A. Whittier
W. J. Linn
Commissioners.