

Decision No. 22137

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
 SUNLAND RURAL TELEPHONE COMPANY,) Application No. 16281.
 a corporation, for permission to)
 issue stock.)

BY THE COMMISSION:

ORIGINAL

OPINION

In this proceeding the Railroad Commission is asked to enter its order authorizing Sunland Rural Telephone Company to issue and sell at not less than par, 146 shares of its common capital stock of the aggregate par value of \$14,600.00 for the purpose of reimbursing its treasury and financing the cost of additions, betterments and improvements to its telephone system.

The application shows that Sunland Rural Telephone Company owns and operates a local telephone system in and about the communities of Sunland and Tujunga and also toll lines from Tujunga to a point in the City of Glendale where connection is maintained with the toll lines of The Pacific Telephone and Telegraph Company. The revenues and expenses from the operation of its business have been reported to the Commission as follows:-

ITEM	1927	1928	1929 11 Months
Operating revenues	\$25,283.76	\$29,506.60	\$31,263.87
Operating expense	15,766.51	19,480.57	20,364.52
Net operating revenue	\$ 9,517.25	\$10,026.03	\$10,919.35
Taxes	1,979.04	1,804.20	1,593.10
Operating income	\$ 7,538.21	\$ 8,221.83	\$ 9,326.25
Miscellaneous income	36.35	87.61	-
Gross income	\$ 7,574.56	\$ 8,309.44	\$ 9,326.25
DEDUCT:			
Interest	15.77	-	1.02
Other	2,068.20	2,806.91	2,055.92
Total	\$ 2,083.97	\$ 2,806.91	\$ 2,056.94
Balance	\$ 5,490.59	\$ 5,502.53	\$ 7,269.31

The company has outstanding \$35,400.00 of stock and no liabilities, aside from current items. Its assets and liabilities, as of November 30, 1929, are reported in the application as follows:-

A S S E T S

Plant and equipment	\$63,224.31
Cash	768.09
Accounts receivable	820.47
Other debit accounts	745.00
Total assets	<u>\$65,557.87</u>

L I A B I L I T I E S

Capital stock	\$35,400.00
Accounts payable	225.00
Accruals	471.20
Prepaid items	280.13
Advances by subscribers	490.80
Reserve for depreciation	12,217.74
Surplus	16,473.00
Total liabilities	<u>\$65,557.87</u>

Applicant alleges that it has used its surplus earnings in acquiring or constructing additions and betterments to its properties. In this connection it has furnished the Commission with a statement showing in some detail expenditures for these purposes of \$14,600.00, segregated as follows:-

Switchboard equipment	\$2,077.94
Station equipment	4,928.02
Additions to plant	7,114.98
Toll line additions	479.06
Total	<u>\$14,600.00</u>

In addition, the company reports that further improvements and additions are necessary. To pay for such improvements and to reimburse its treasury applicant asks permission to issue at par \$14,600.00 par value of its common capital stock. The issue of the additional stock appears to be reasonable.

O R D E R

Sunland Rural Telephone Company having applied to the Railroad Commission for permission to issue stock, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, and that the issue of stock, as requested, 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 Sunland Rural Telephone Company be, and it hereby is, authorized to issue and sell at not less than par, on or before December 31, 1930, \$14,600.00 of its common capital stock and to use the proceeds to reimburse its treasury because of surplus earnings used in making additions and betterments to its plant and to finance the cost of future capital improvements.

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

1. Applicant shall keep such record of the issue 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.

2. The authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 18th day of February, 1930.






