

Decision No. 22329**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 THE UPPER DRY CREEK TELEPHONE COMPANY)
 for order authorizing issuance of) Application No. 16371
 stock.)

J. H. Miller, for applicant.

BY THE COMMISSION:

OPINION

In the above entitled matter, as amended at the hearing held thereon, The Upper Dry Creek Telephone Company asks the Railroad Commission to make an order authorizing it to issue \$1,200.00 of stock consisting of twenty shares of the par value of \$60.00 each, and, in addition, to issue stock in lieu of amounts heretofore issued without permission from the Commission.

The application shows that The Upper Dry Creek Telephone Company is a corporation organized under the laws of the State of California on or about June 2, 1905 and now engaged in the operation of a rural telephone line extending from Healdsburg to the Upper Dry Creek Valley, a distance of about twelve miles. It serves about thirty subscribers.

The corporation has an authorized capital stock of \$12,000.00 divided into 200 shares of the par value of \$60.00 each, all common. Its annual report to the Commission for the year 1929 showed outstanding at the close of the year stock of the aggregate par value of \$3,960.00. An examination of the company's financial

statements on file with the Commission indicates that at or about the time the Public Utilities Act became effective, it reported outstanding stock at \$2,752.00. The company has never received permission from the Railroad Commission to increase its outstanding stock to \$3,960.00 and it clearly appears that it has issued some stock without securing such permission. It is equally apparent, however, that its failure to do so was through inadvertence and with no intent to evade the provisions of the Public Utilities Act.

In connection with the company's proposed stock issue and its stock issues made in the past, it is reported that the proceeds from the sale, at par, will be used, and were used, to pay for extensions to the property and for the improvement and maintenance of its service. It seems that the company's subscribers are all stockholders, each holding two shares, and it is its plan, whenever possible, to sell shares of stock in the same amount to new subscribers.

It appears that the twenty shares of stock now proposed to be issued will place the company in a position to issue additional shares to new subscribers, to pay for their extensions over a considerable period of time, removing the necessity of applying for a permit prior to each issue. This program, under the circumstances peculiar to this case, seems reasonable and the order herein will permit the issue of such stock. As some doubt exists as to the validity of some of the stock now outstanding, the order will authorize, in addition, the issue of new shares of stock in lieu thereof. We suggest that applicant call in and cancel such shares of stock as were issued subsequent to March 23, 1912, the effective date of the Public Utilities Act, without permission from the Commission, and issue new shares, under the permission here granted, in their place.

ORDER

The Upper Dry Creek Telephone Company having applied to the Railroad Commission for permission to issue stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the application, as amended, should be granted as herein provided, and that the money, property or labor to be procured or paid for through the issue of stock 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 The Upper Dry Creek Telephone Company be, and it hereby is, authorized to issue and sell, at not less than the par value thereof, \$1,200.00 (twenty shares) of its common capital stock and to use the proceeds to pay for extensions to its properties and to provide for the improvement and maintenance of its service.

IT IS HEREBY FURTHER ORDERED that The Upper Dry Creek Telephone Company be, and it hereby is, authorized to issue not exceeding \$3,960.00 par value of its stock in exchange, on the basis of par for par, for stock which was issued after March 23, 1912 without authority from this Commission and which is now outstanding.

The authority herein granted is subject to the following conditions:

(1) Applicant shall file with the Commission within thirty days after the issue of any stock under the authority herein granted, a verified report of such issue, and of the disposition of the proceeds, 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 12th day of April, 1930.

Cl. Harvey

Wm. B. Griffith

M. J. Lee

Commissioners.