

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Decision No. 1027.

In the matter of the application of Reedley Telephone Company for authority to issue 2500 shares of its capital stock at the par value of \$1.00 per share, the proceeds of which are to be used in new construction and extensions in the City of Reedley.

Application No. 754.

A. Terkel for applicant.

GORDON, Commissioner.

O P I N I O N

This application is for permission to issue and sell 2500 shares of the capital stock of the Reedley Telephone Company of Reedley, California, at the par value of \$1.00 per share for the purpose of new construction and necessary extensions to the applicant's telephone system.

In considering this application it is to be noted that on March 11, 1913, this Commission issued its order in Decision No. 496 in the matter of Application No. 369, under which the Reedley Telephone Company was authorized to issue and sell 11,000 shares of its capital stock. As of the date of the application now being made for a further issue of stock, there were but 7800 shares issued under the authorization of March 11, 1913. One of the purposes, for which the proceeds from the sale of the 11,000 shares of stock authorized to be issued were to be used, was the payment of a mortgage held against the applicant's telephone system by The Pacific Telephone and Telegraph Company.

At the hearing of this application, witness for the applicant testified that the payment of this mortgage has not yet become due, and that it is the intention to dispose of the balance of the authorized issue and to use the proceeds from its sale for the purpose of paying off this mortgage as soon as payment shall become due.

Witness for the applicant also testified and the application shows that the purpose for which the proceeds of this sale of stock is to be applied is for betterments and additions to this telephone system. The present outside plant affords no facilities for taking care of the normal demands of the business. It was also shown that, while the present office quarters are inadequate to properly conduct the business, the owner of the building refuses to make needed changes and improvements. It is necessary for this reason to find other and more suitable quarters involving certain changes in the construction of the telephone plant. A new building is being constructed by private parties to be leased to the applicant and used for new office quarters. Aside from the necessary changes in the construction of the outside plant, the cost to the applicant of changing office quarters will be small. The construction of the outside plant is also designed to provide additional facilities to take care of the growth of the business and the greater portion of this construction cost will be chargeable to this item.

It is to provide for this work that the proceeds from the sale of the stock now being sought to be issued are to be applied.

There is no bonded or other debt other than the mortgage held by The Pacific Telephone and Telegraph Company and other than that involved in ordinary current expenses outstanding against this corporation, and I am of the opinion that the

public convenience will be subserved by the granting of this application. The following Order is therefore recommended.

O R D E R

Application having been made by the Reedley Telephone Company operating a telephone system as a public utility in Reedley, California, and adjacent territory, to issue 2500 shares of its capital stock at the par value of \$1.00 per share, the proceeds of which are to be used for new construction and extensions, and a hearing having been held thereon and it appearing to this Commission that the purposes for which the Reedley Telephone Company desires to issue its stock are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that the Reedley Telephone Company be and it is hereby granted authority to issue 2500 shares of its capital stock at the par value of \$1.00 per share upon the following conditions and not otherwise, to-wit:

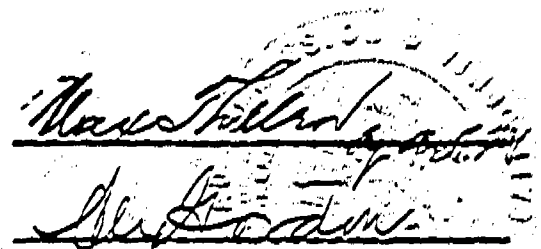
1. The stock herein authorized to be issued shall be issued so as to net the Reedley Telephone Company not less than the par value thereof.
2. The proceeds of the stock, herein authorized to be issued, shall be used for the purposes of making changes in the construction of its outside plant, made necessary by changing its office quarters, and for making betterments in its plant as set out in the Opinion in this Application.
3. The Reedley Telephone Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds derived from the sale of the stock herein authorized to be issued and on or before the 25th day of each month shall make a verified report to the Commission showing the sale or disposition of the stock herein authorized to be

issued, the terms and conditions of such sale and the disposition of the proceeds derived therefrom, all in accordance with this Commission's General Order No.24, which, in so far as applicable, is made a part of this order.

4. This order shall apply only to stock issued within six months from the date of this Order.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 16th day of October, 1913.


Maxwell
Edgerton

Commissioners