

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the matter of the application of)
the Dos Palos Telephone Company for) Application No. 772.
permission to issue stock.)

F. E. Ross, E. W. Heston and D. A. Leonard for applicant.

GORDON, Commissioner.

O P I N I O N

This is an application for permission to issue 1273 shares of the capital stock of the Dos Palos Telephone Company, 497 shares of which are sought to be issued in lieu of a like number of shares issued subsequent to the effective date of the Public Utilities Act without the prior authorization of the Commission, and the balance of 776 shares to be issued and sold for the purpose of additions and betterments to the applicant's telephone system as required in the development of the business.

The Dos Palos Telephone Company is an incorporated company duly organized and operating under the laws of this State with an authorized capitalization of \$50,000. divided into 50,000 shares of the par value of \$1.00 per share. Of the authorized capital stock there have issued as of the date of this application, inclusive of the 497 shares issued subsequent to March 23, 1912, a total of 4727 shares.

As shown in the applicant's financial statement, filed with this application, the value of the property involved is approximately \$5,000. Sufficient information was not submitted at the hearing to enable the Commission to pass on this valuation and the applicant was directed to file at once an itemized inventory and appraisal of the company's plant and property. The order herein recommended is made contingent upon the filing with the Commission

of this inventory and appraisal and the Commission reserves the right to withhold its approval of the valuations therein for rate making or other purposes.

It was shown at the hearing of this application that the stock which has been issued and sold subsequent to the effective date of the Public Utilities Act without the prior authorization of the Commission was issued and sold in ignorance of the requirements of the Act requiring such authorization and without any intent of violating the provisions of the law.

It was also shown that the applicant has developed a necessary telephone service in a community previously unprovided for and that the proceeds from the stock which has been sold since March 23, 1912, have been used for purposes of extending and improving the service. Additional funds will be required to make further extensions and betterments.

I am of the opinion that the public convenience and necessity will be subserved by the granting of this application and recommend the following form of order:

ORDER

Application having been made by the Dos Palos Telephone Company for an order of this Commission authorizing it to issue 1273 shares of its capital stock at the par value of \$1.00 per share, 497 shares of which are sought to be issued in lieu of a said equal number of shares heretofore issued without the prior approval of this Commission in ignorance of the provisions of the Public Utilities Act, and the full amount of the money received from the sales of said 497 shares heretofore issued having already been used for purposes of making additions and betterments to the applicant's telephone plant; and the remainder of 776 shares which are sought to be issued and sold are for purposes of extending and improving the applicant's telephone system; and a public hearing

having been held and it appearing that the purposes for which the money received from the sales of the said 497 shares of stock were not, in whole or in part, reasonably chargeable to operating expenses or to income.

AND IT FURTHER APPEARING that the purposes for which the Dos Palos Telephone Company desires to issue the said additional 776 shares of its stock are not, in whole or in part, reasonably chargeable to operating expenses or to income;

AND IT FURTHER APPEARING that the applicant received not less than 100% of the par value thereof for the said 497 shares of stock heretofore issued;

IT IS HEREBY ORDERED: That the Dos Palos Telephone Company be and it hereby is granted authority to issue 497 shares of its capital stock upon the following conditions and not otherwise:

1. Said stock herein authorized shall be issued to the following persons in substitution for an equal number of shares shown to have been issued, as follows:

<u>Date</u>	<u>Issued to</u>	<u>No. of shares</u>	<u>Value</u>
May 21, 1912	Mrs. Lydia Ross	200	\$200.00
June 13, 1912	N. W. Moore	10	10.00
June 13, 1912	John Walter	25	25.00
June 14, 1912	E. W. Heston	17	17.00
Feb. 15, 1913	Adolph Sousa	25	25.00
Feb. 27, 1913	Mrs. L. Betten	25	25.00
Feb. 27, 1913	Mrs. J. S. Armstrong	30	30.00
Apr. 5, 1913	Wm. Ross	100	100.00
Apr. 8, 1913	D. A. Leonard	65	65.00

2. Before said stock shall be issued the certificates of stock, in lieu of which said stock is hereby authorized to be issued, shall be called in by the applicant and canceled.

AND IT IS FURTHER ORDERED: That the Dos Palos Telephone Company be and it hereby is granted authority to issue 776 additional 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 Dos Palos Telephone Company not less than the par value thereof.

2. The proceeds of the stock herein authorized to be issued shall be used for making betterments in its plant as set out in the Opinion in this application.

3. The Dos Palos 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 the Commission's General Order No. 24, which, in so far as applicable, is made a part of this order.

4. This order to be and become effective upon the filing with this Commission on the part of the Dos Palos Telephone Company of an itemized inventory and appraisal of its plant and property, satisfactory to the Commission, said filing to be made on or before thirty days from the date of this order.

5. The authority herein granted to issue stock shall apply only to stock issued prior to February 1, 1914.

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 30th day
of October, 1913.

Alfred Gordon

Max Thelen

Carvin A. Edgerton

Commissioners.