

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the matter of the application of)
Campbell Telephone Company for an)
order authorizing the issue of cap-)
ital stock.)

Application No. 1147.

Decision No. 1664

Appearances

L. D. Bohnett, Attorney for the applicant.

O P I N I O N

GORDON, Commissioner.

This is an application by Campbell Telephone Company for authority to issue twenty-seven (27) shares of its capital (common) stock in lieu of 27 shares heretofore unlawfully issued, and to further issue additional stock from time to time as needed for the purpose of constructing lines and installing telephones for new subscribers.

The applicant is a California corporation and owns a system of rural or farmer lines which it is operating as a public utility in the vicinity of Campbell, Santa Clara County. It does not operate an exchange switchboard, but connects its lines with an exchange which is owned and operated by The Pacific Telephone and Telegraph Company in the town of Campbell. The Pacific Company performs the switching service and collects from the applicant a yearly switching charge for each of its subscribers.

The applicant, Campbell Telephone Company, has an authorized capitalization of \$10,000.00 divided into 1,000 shares of the par value of \$10.00 each. Heretofore it has sold its stock at a price calculated to provide only sufficient money to construct the lines and purchase the telephones necessary to install service for those buying stock. This cost has

been ordinarily \$27.50, or in those cases where special equipment has been provided the cost has been \$28.50, and in either case three shares of stock were issued for the amount paid. As of the date of this application, a total of 265 shares have been sold for the aggregate sum of \$2387.00, inclusive of the 27 shares which were unlawfully issued. This entire amount has been expended in constructing lines and in purchasing and installing telephones.

The application and the testimony show that the applicant was not aware that the law requires Commission approval for the sale of stock by public utilities, and since the entire proceeds from the sale of these 27 shares have been expended in providing telephone service for their purchasers, I shall recommend that the re-issue of these 27 shares be authorized.

So far as that portion of the application is concerned which seeks permission to issue and sell additional shares of stock, the testimony shows that The Pacific Telephone and Telegraph Company is by its lines serving certain portions of the territory which is also served by this applicant's lines, and that neither company has secured a certificate of public convenience and necessity authorizing extensions in this territory. I am accordingly of the opinion that permission for the issue and sale of additional stock by the applicant should be withheld until it has filed with the Commission the usual application for a certificate of public convenience and necessity and has received the Commission's order thereon.

The testimony shows further that the rate which the applicant pays to The Pacific Company for each of its subscribers contemplates a continuous day and night service, although continuous service is not maintained at the Campbell Exchange. I would suggest to the applicant that this matter be formally directed to the notice of The Pacific Company and if that company will not voluntarily grant a satisfactory adjustment that the Commission be applied to for relief.

I recommend the following order.

O R D E R

Application having been made by Campbell Telephone Company for an order of this Commission authorizing it to issue 27 shares of its capital stock in lieu of an equal number of shares heretofore issued without the prior authorization of this Commission in ignorance of the provisions of the Public Utilities Act, and for authorization to issue and sell additional shares from time to time as needed for the purpose of building lines and installing telephones for new subscribers; and the entire amount of money received from the sale of the said 27 shares heretofore issued having been used for purposes of building lines and installing telephones for the purchasers of said 27 shares of stock; and a hearing having been held, and it appearing to the Commission that the purposes for which the proceeds of the sales of the said 27 shares of stock were not in whole or in part reasonably chargeable to operating expenses or to income;

And it further appearing to the Commission that, as set forth in the opinion accompanying this order, the territory into which applicant desires to extend is served in part by lines owned and operated by The Pacific Telephone and Telegraph Company, and that applicant has not applied for a certificate of public convenience and necessity for authority to extend its lines, as provided by Section 50(a) of the Public Utilities Act;

IT IS HEREBY ORDERED: That Campbell Telephone Company be and it hereby is granted authority to issue 27 shares of its capital stock upon the following conditions and not otherwise, to-wit:

1. Said 27 shares of its capital stock 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>No. of Certificate</u>	<u>No. of Shares</u>	<u>.Issued to</u>	<u>Value</u>
Jan. 14, 1913	85	3	S. G. Roy	\$28.50
Mar. 6, 1913	87	3	A. S. Collins	27.50
Mar. 7, 1913	88	3	Mrs. E. P. Phillipi	27.50
May 31, 1913	93	3	Harry Baehr	28.50
June 23, 1913	94	3	Thos. Spellman	28.50
Sept. 30, 1913	84	3	G. H. Higbee	27.50
Oct. 6, 1913	96	3	F. & L. Downing	28.50
Dec. 26, 1913	98	3	A. Ferro	27.50
Jan. 10, 1914	99	3	E. A. Colby	28.50

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 applicant and cancelled.

AND IT IS HEREBY FURTHER ORDERED: That pending the application for and the issuance by the Commission of a certificate of public convenience and necessity permitting the construction of additional lines or the further extension of present lines into territory at present served by The Pacific Telephone and Telegraph Company, as more specifically referred to in the opinion accompanying this order, that portion of the application herein for authority to issue and sell additional shares of stock from time to time as needed for the purpose of constructing lines and installing telephones in new territory is dismissed without prejudice.

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 11th day of July, 1914.

H. L. Ford

Wm. Gordon

Wm. Shelton

 Commissioners.