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ORIGINAL

Decision No. _____.

Decision No. 2976

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

In the Matter of the Application)
of CORONA HOME TELEPHONE AND TELE-) Application
GRAPH COMPANY for permission to)
issue stock.) No. 1957.

W. S. Clayson for applicant.

BY THE COMMISSION.

OPINION

The above application is for permission to issue sixteen shares of stock in lieu of sixteen shares which were heretofore issued without authority of the Railroad Commission, in ignorance of the fact that such authority is necessary to its validity.

Applicant supplies telephone service to the residents of Corona and vicinity. The bulk of its business lies within a radius of three miles from its exchange in Corona. In several instances, however, its lines extend several miles into the surrounding country.

Applicant was organized December 6, 1905, and has a capital stock of 5,000 shares of the par value of \$10. each, of which shares 758-1/4 remain in its treasury unsold. It has an authorized bonded indebtedness of \$50,000, of which \$41,100, face value, has been issued and is now outstanding and \$8,900, face value, remains in its treasury unsold.

One certificate for four shares of stock was issued to Doctor Brown June 18, 1912, and one certificate for twelve shares to W. D. Richards was issued June 28, 1913, both being sold at par to cover cost of extending certain of the lines of applicant into outlying territory.

Applicant has from time to time requests to make similar extensions and has under consideration at the present time such a request for an extension of its lines for about seven miles, at an estimated cost of about \$500.

It was suggested to applicant at the hearing that if desired, the present application might be so amended as to request authority for issuing other stock to cover such extensions in the near future. This was accordingly done.

It also developed at the hearing that applicant is considering the making of substantial improvements in its system and service, by enlarging the size of its building, enlarging its switchboard facilities and increasing the size of its

cables so that it may take care of the growing demand upon it for telephone service.

While applicant has not considered in detail the cost of such improvements, nor received estimates or bids therefor, it was stated that an investment of from \$4,000 to \$5,000 would probably be required for these purposes.

It has been generally understood by the officers and directors that these improvements would be financed through the earnings of the company and the passing of dividends for that purpose. At the hearing, however, applicant also asked authority to issue sufficient stock from its treasury to finance these improvements, if that course should be desired by applicant upon further consideration.

In Decision No. 2790, in Case No. 660, entitled "City of Corona v. Corona Home Telephone and Telegraph Company, et al.," decided September 30, 1915, this Commission had before it the question of rates, service, rules and regulations of defendant, in which was carefully considered the value of applicant's plant, its revenues, operating expenses and earnings.

From the testimony presented at the hearing of this application, and that at the hearing of the above case and the data used in connection therewith, we have reached the conclusion that ap-

plication for authority to issue stock in lieu of that already issued should be granted. Future proposed similar extensions to be financed by the issue of stock provided for that purpose in the Order herein, will hereafter be considered by the Commission upon informal applications from time to time, and with the aid of the information and data submitted at the two hearings already had, can probably be disposed of without further hearings.

As to means of financing improvements in switchboard, cables and building, this matter can be more satisfactorily handled upon a separate formal application in connection therewith when occasion arises. That portion of the application relating to the issue of stock for the latter class of improvements will at present be denied without prejudice, the matter to be given full consideration if and when future application is made.

O R D E R

Corona Home Telephone and Telegraph Company having applied to the Railroad Commission of the State of California for authority to issue sixteen shares of its capital stock in lieu of sixteen other shares issued without the authority of this Commission, and having subsequently amended its application to include a request for permission to issue additional stock for the purpose of making future extensions of its lines and for making improvements in its facilities and service, and a hearing

having been held upon said application, and it appearing that the purposes for which applicant wishes to issue said stock are not in whole or in part reasonably chargeable to operating expenses or income,

IT IS HEREBY ORDERED that Corona Home Telephone and Telegraph Company be, and it is hereby, authorized to issue to Arthur L. Brown, M. D., ^{Certificate or} certificates for four shares of its capital stock in lieu of, and upon surrender and cancellation of Certificate No. 262 for four shares of its stock issued to him June 18, 1912; and to issue to W. D. Richards certificate or certificates for twelve shares of its capital stock in lieu of, and upon surrender and cancellation of Certificate No. 268 for twelve shares of its stock issued to him June 28, 1913; said present certificates to be surrendered and cancelled and said new certificates in lieu thereof issued on or before February 1, 1916.

IT IS FURTHER ORDERED that Corona Home Telephone and Telegraph Company be, and it is hereby, authorized to issue, from time to time, prior to February 1, 1918, at not less than par, upon receipt of supplemental order herein, not exceeding two hundred shares of its capital stock for the purpose of making extensions in its lines and service.

Within thirty days after the issue of any stock herein authorized, Corona Home Telephone and Telegraph Company shall report to this Commission the fact of the issue, the names of the persons to whom

said stock was issued, the number of shares issued
to each person and the price at which said stock was
issued.

Dated at San Francisco, California, this 15th
day of December, 1915.

Max Thelen

H. S. Loveland

Wm. G. Ford

Frank R. DeWitt

Commissioners.