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Decision No. \_\_\_\_\_

# ORIGINAL

Decision No. 4177

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA.

In the matter of the application of COLORADO RIVER TELEPHONE COMPANY, a corporation, for an order authorizing the issue of stock.

### Application

No. 2738.

S. D. Kamrar for the Petitioner.

BY THE COMMISSION.

## O P I N I O N

This is an application by COLORADO RIVER TELEPHONE COMPANY, a corporation, having its principal place of business in the town of Blythe, Riverside County, California, for an order of the Railroad Commission authorizing it to issue 9,674 shares of its capital stock at the par value of \$1.00 per share for the purposes which follow.

On June 17, 1916, this Commission issued its order, Decision No. 3435 in Application No. 2031, in the matter of the application of this corporation, which permitted it, among other things, to issue 17,487 shares of its capital stock. The time within which the petitioner was permitted to issue and sell this amount of stock was limited to December 31, 1916. No stock was sold within this time and the petitioner is now renewing its application for authority to issue 9,674 shares. The purposes for which the proceeds from the sale of this stock are proposed to be used are set forth as follows:

- 1,250 shares to be sold to reimburse S. D. Kamrar for the payment of \$1,250. to Mrs. Jessie Brown for the corporation as the purchase price of a telephone line extending from Blythe to Blythe Junction in Riverside County. Authority to Mrs. Jessie Brown to sell and to the Colorado River Telephone Company to purchase this telephone line was granted by the Commission during the month of June, 1916.
- 2,000 shares to reimburse Kamrar and Brown for the cost of a franchise granted to the corporation by the Board of Supervisors of Riverside County on September 21, 1914.
- 2,279 shares to cover the cost of material and supplies other than poles.
- 2,400 shares to cover the cost of poles.
- 1,645 shares to cover the cost of labor involved in installing the petitioner's telephone system.
- 100 shares for the purpose of purchasing office furniture and fixtures.

It appears from the list of items contained in the petition setting forth the purposes for which

the proceeds to be derived from this sale of stock are to be used, that an error in addition occurred in the various items going to make up the cost of labor of installing the system. The attention of the petitioner being called to this matter, this error has been corrected and the correct amount (\$1,545) has been entered.

The various purposes for which these proceeds are to be used appear to be proper purposes for capital expenditures, except that the item \$2,000, intended to cover the cost of the franchise above referred to, does not appear to cover the exact amount of the cost of this franchise. Petitioner has stated that an accurate record of the actual cost of this franchise has not been kept, that no amount was paid to the Board of Supervisors for the franchise, but that the expenses involved in securing it were somewhat in excess of \$1,000. Petitioner urges that the value of the franchise to the corporation is \$2,000. and that it desires accordingly to issue stock for this amount. The Commission cannot, of course, authorize the issue and sale of stock to cover the cost of franchises in excess of the actual cost of the same (Public Utilities Act, Section 52). The order herein will limit the amount of stock which the petitioner may issue and sell for this purpose to such amount as petitioner may show as its actual cost.

In other respects, there appears to be no

objection to granting the authority for which the petitioner is now asking.

### O R D E R

Application having been made to this Commission by Colorado River Telephone Company, a corporation, for authority to issue nine thousand six hundred and seventy-four (9,674) shares of its capital stock of the par value of One Dollar (\$1.) per share for the purposes which are set forth in the preceding opinion;

And a public hearing having been held and it appearing to this Commission that the purposes for which it is proposed to issue said stock, to the extent hereinafter authorized, are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Colorado River Telephone Company be, and it is hereby, granted authority to issue and sell not to exceed nine thousand, five hundred seventy-four (9,574) shares of capital stock of the par value of One Dollar (\$1.) per share, and to use the proceeds for the following purposes:

\$1,250.00 to reimburse S. D. Kamrar for the payment of \$1,250.00 to Mrs. Jessie Brown for the corporation as the purchase price of a telephone line extending from Blythe to Blythe Junction in Riverside County.

\$2,000.00 or such portion thereof as may be necessary to reimburse Kamrar and Brown for the cost of a franchise granted to the corporation by the Board of Supervisors of Riverside County on September 21, 1914.

\$2,279.00 to cover the cost of material and supplies other than poles.

\$2,400.00 to cover the cost of poles.

\$1,545.00 to cover the cost of labor involved in installing the petitioner's telephone system.

\$ 100.00 for the purpose of purchasing office furniture and fixtures.

The authority herein granted is granted upon the following conditions and not otherwise:

1. Said stock shall be sold so as to net Colorado River Telephone Company not less than its full par value of One Dollar (\$1.) per share.

2. Before any stock may be issued for the purpose of defraying the cost of securing the franchise from the County of Riverside, the petitioner shall submit a statement to the Railroad Commission setting forth the actual cost to it of securing said franchise and shall secure from the Railroad Commission a supplemental order setting forth the amount of stock which applicant may issue for the purpose of defraying such cost.

3. Colorado River Telephone Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds de-

rived from the sale of the stock herein authorized to be issued, and on or before the twenty-fifth day of each month shall make a verified report to the Commission showing the sale and 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. The authority herein granted applicant to issue and sell stock shall apply only to stock issued on or before December 31, 1917.

Dated at San Francisco, California, this 21st day of March, 1917.

Max Thelen  
H. S. Loveland  
W. L. Gordon  
Frank R. Dwyer  
Commissioners