

Decision No. 31578

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
WILLIAM B. DECARTERET,
doing business under the fictitious
name and style of Exeter Telephone
and Telegraph Company, for authority
to sell his telephone property and
to retire from the telephone business,
and

EXETER TELEPHONE COMPANY, LTD.,
a corporation, for authority to pur-
chase said property and to enter and
engage in the territory involved, also
to issue and sell and/or issue and
exchange common stock for the purpose
of acquiring said properties.

ORIGINAL

Application No. 17777

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION AND ORDER

In a supplemental petition filed in the above entitled matter on November 25, 1938, Exeter Telephone Company, Ltd. asks the Commission to authorize it to issue \$40,000.00 of stock, in addition to the \$30,000.00 of stock heretofore authorized and now outstanding, in part payment for telephone properties.

In the original application, filed on November 12, 1931, applicant requested authority to issue \$70,000.00 par value of its common capital stock in payment for the telephone properties then owned by William B. DeCarteret. Thereafter a public hearing was held and subsequently on December 21, 1931, the Commission made its order, Decision No. 24324, authorizing William B. DeCarteret to transfer his telephone properties to Exeter Telephone Company and authorizing said Exeter Telephone Company to issue not exceeding \$30,000.00 par value of its stock in part payment for said properties. The opinion in the Commission's order in this connection reads as follows:-

" The testimony shows that from \$10,000.00 to \$20,000.00 will have to be expended during 1932 in relocating some of applicant's telephone lines and enlarging the telephone facilities. It is felt that this reconstruction should be undertaken by the corporation. The money necessary to pay for the same will be provided by Mr. DeCarteret. Upon the completion of the reconstruction it is proposed to make an inventory and appraisal of the telephone properties and submit the same to the Commission as part of the record in this proceeding. In the meantime, to effect the transfer of the properties, the corporation asks permission to issue some stock. In the absence of definite information as to the value of the properties and of the amount of the reconstruction work, we do not believe that we should at this time permit the issue of more than \$30,000. of stock. Consideration will be given to the issue of additional stock when we have been furnished with a copy of the inventory and appraisal of the properties".

The properties were transferred and the \$30,000.00 of stock issued as authorized by the Commission. For 1937 the company reports operating revenues of \$23,687.24.

In Exhibit A attached to applicant's supplemental petition, the estimated historical cost of the properties of Exeter Telephone Company, Ltd., as of June 1, 1936, including land and buildings at an estimated present cost, is reported at \$120,225.39. The accrued depreciation on the properties is in Exhibit B reported at \$27,171.85. The two amounts are segregated as follows:-

Acct. No.	Title	Priced Inventory	Accrued depreciation 6% S.F.
211	Land	\$ 5,500.00	\$ 2,750.00
212	Buildings	22,458.68	2,740.36
221	Central Office Equipment	6,080.94	2,638.89
231	Station Apparatus	11,534.34	4,132.97
232	Station Installations	2,472.07	-
233	Drop and Block Wire	2,373.35	-
234	P.B.X. Equipment	775.67	44.14
235	Booths	279.22	145.87
241	Exchange Pole Lines	30,772.75	9,613.16
242.1	Exchange Aerial Cable	8,999.77	1,535.89
242.2	Exchange Underground Cable	169.26	4.60
243	Exchange Aerial Wire	9,838.04	2,605.42
244	Exchange Underground Conduit	844.51	227.24
261	Office Furniture and Fixtures	3,209.43	363.69
264.1	Auto, Trucks, etc.	3,441.23	2,186.00
264.3	Tools	2,188.44	933.62
	Total Plant and Equipment	\$110,937.70	\$ 27,171.85
	Material and Supplies	9,287.69	
	GRAND TOTAL....	<u>\$120,225.39</u>	

Some of the investment in buildings and in materials and supplies is not presently used in the telephone business. It is not, however, necessary at this time to determine how much is used for utility, and how much for nonutility purposes. An aggregate stock issue of \$70,000.00 is not unreasonable.

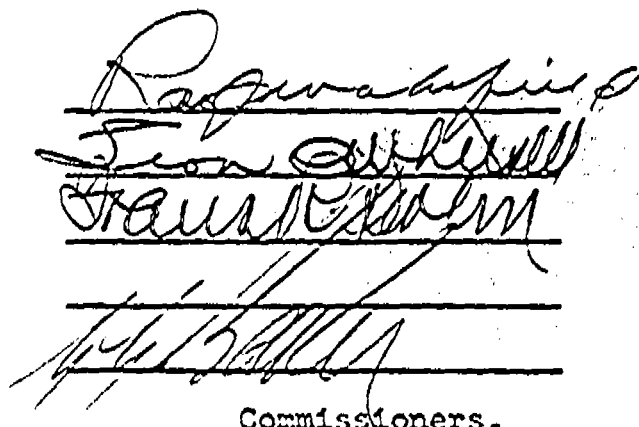
IT IS HEREBY ORDERED that Exeter Telephone Company, Ltd. be, and it hereby is, authorized to issue, on or before February 28, 1939, \$40,000.00 of its common capital stock, in addition to the \$30,000.00 of stock authorized by Decision No. 24324, dated December 21, 1931, in part payment for the telephone properties acquired from William B. DeCarteret, it being the opinion of the Commission that the money, property or labor to be procured or paid for is reasonably required for the purpose specified herein and that the expenditures for such purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income, provided-

1. That the authority herein granted is not to be construed as a finding by the Commission of the value of applicant's properties for the purpose of fixing rates; and

2. That applicant shall file a report of the issue of the stock herein authorized within thirty (30) days after its issue:

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 19th day of December, 1938.


Commissioners.