

Decision No. ~~98510~~

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of)
DELTA TELEPHONE & TELEGRAPH COMPANY)
for Amended Order eliminating provi-)
sions for Depreciation Fund and re-)
turning presently accumulated funds)
therein to the General Account of)
Applicant.)
-----)

Application
No. 27061

BY THE COMMISSION:

O P I N I O N

In this application, Delta Telephone & Telegraph Company asks the Commission to amend its order in Decision No. 9456, dated September 3, 1921, and eliminate therefrom that part of said order directing applicant to establish a depreciation fund.

Delta Telephone & Telegraph Company furnishes telephone service to certain districts along the Sacramento River and particularly to the following communities:

Clarksburg	Hood	Ryde
Courtland	Isleton	Vorden
Freeport	Paintersville	Walnut Grove

Long distance toll connections are made with The Pacific Telephone and Telegraph Company lines at Sacramento, California. For 1944 the company reports operating revenues of \$94,628.23.

As of September 30, 1945, applicant reports assets and liabilities as follows:

ASSETS

Telephone Plant in Service	\$300,977.70
Miscellaneous Physical Property	7,325.00
Cash	24,894.42
Temporary Cash Investments	2,450.02
Due from Customers & Agents	20,072.37
Miscellaneous Accounts Receivable	50.00
Materials and Supplies	3,007.28
Prepaid Insurance	561.23
Prepaid Directory Expense	347.57
Insurance and Other Funds (Depreciation Fund)	164,396.13
Other Deferred Charges	<u>161.70</u>
Total Assets	<u>\$524,242.42</u>

Liabilities

Common Stock	\$102,891.50
Preferred Stock	80,000.00
Accounts Payable	4,179.25
Taxes Accrued	28,844.01
Depreciation Reserve	151,343.63
Other Deferred Credits	12,555.24
Contributions of Telephone Plant	1,801.62
Surplus Reserved	91,483.69
Unappropriated Surplus	<u>51,244.47</u>
Total Liabilities	<u>\$524,242.42</u>

The Order in Decision No. 9456 reads in part as follows:

"IT IS HEREBY FURTHER ORDERED that applicant shall set aside in a depreciation fund the sum of \$5,100 per annum in monthly installments of \$425 for the purpose of taking care of such renewals and replacements of property as shall be covered by the fund. Applicant shall file with the Commission within thirty (30) days from the date of this order its suggestions for rules governing the functions and use of the depreciation fund, and these rules shall thereafter go into effect as approved or modified by the Commission."

The rules governing the depreciation fund of applicant were adopted by the Commission February 2, 1922, effective as of September 1, 1921. A copy of the rules is on file in this application as Exhibit "C".

Applicant now has in its depreciation fund \$164,396.13, as compared with a depreciation reserve of \$151,343.63. Profits made upon the sale of securities which constitute a part of the depreciation fund have been added to the fund. This is the reason for the depreciation fund being in excess of the depreciation reserve. Applicant's financial condition is such that there appears to be no longer any need for requiring applicant to maintain a depreciation fund. The cash in the fund may be transferred to applicant's cash account, and the securities to appropriate investment accounts and disbursed for the purpose of financing and maintaining applicant's properties. We are by this order not relieving applicant from deducting from its revenues proper amounts for depreciation expense.

O R D E R

The Commission having considered the request of Delta Telephone & Telegraph Company, and it being of the opinion that this is not a matter on which a hearing is necessary, and that the company's request should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED that the provision of the order in Decision No. 9456, dated September 3, 1921, set forth in the foregoing opinion, is hereby amended by eliminating from such provision that portion which requires Delta Telephone & Telegraph Company to establish a depreciation fund.

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

Dated at Los Angeles California, this 18th day December

of 1945.

Harold Culver
Justice J. Cramer
Francis Lewis
Jack Hume
Harold P. Hule
 Commissioners