

Decision No. 40522

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 DOS PALOS TELEPHONE CO., INC., a)
 corporation, for authority: 1. To)
 issue preferred shares of the corpor-)
 ation in the amounts and subject to)
 the preferences, privileges, and)
 limitations set forth in this)
 petition; 2. To issue pro rata to)
 its present shareholders common)
 stock of the corporation in the)
 amount in this petition specified,)
 to represent a portion of reinvested)
 capital surplus; 3. To permit)
 perpetual existence of said corporation)
 in lieu of the limited existence pro-)
 vided for in the original Articles of)
 Incorporation.)
 -----)

Application
 No. 27373
(1st Supplemental)

FIRST SUPPLEMENTAL OPINION AND ORDER

By Decision No. 38916, dated May 2, 1946, the Public Utilities Commission (then known as the Railroad Commission) authorized Dos Palos Telephone Co., Inc., among other things, to issue and sell at par 50,000 shares (par value \$1.00 per share) of five percent cumulative preferred stock to finance in part the cost of additions and improvements to its telephone plant including, primarily, the acquisition and installation of dial switchboards at Dos Palos and South Dos Palos, the construction of a building to house the switchboards, and the cost of buying new instruments and converting instruments for dial service.

In its first supplemental application filed in the above entitled matter on July 3, 1947, the company reports that it has issued and sold 45,380 shares of the preferred stock authorized by said Decision No. 38916 and has applied \$21,719.95 of the proceeds to the use and purposes set forth therein, leaving an

unexpended balance on hand of \$23,660.05. It reports that it now is informed that it will be unable to receive delivery of the remainder of the equipment until a later date and consequently, because of the accruing fixed charges on the outstanding preferred stock, it desires to use stock proceeds on hand for other purposes, as follows:

4 Stromberg Carlson Key Systems	\$2,000.00	
6500 lbs. No. 12 iron wire	652.00	
300 Cross Arms	924.00	
1 1/2 ton pickup truck	1,800.00	
Building improvements	2,100.00	
Labor for proposed construction during last six months of 1947 (estimated)	<u>3,000.00</u>	10,476.00
Station equipment:		
150 hand-set telephones	3,173.00	
150 dials	923.00	
300 harmonic ringers	<u>1,000.00</u>	5,096.00
140 Cedar telephone poles	1,065.00	
Funds required for payment of note due to Mary E. Crowe listed on 1946 annual report for \$3,500.00, now due, \$3,200.00	<u>3,200.00</u>	4,265.00
18,380 feet 5/16" stranded messenger	640.00	<u>640.00</u>
		\$20,477.00

At a later date, when equipment and accessories become available, it proposes to replace the \$20,477 with borrowed funds and with the proceeds from the sale of the 4,620 authorized but unissued shares.

The Commission has considered this matter and is of the opinion that the company's first supplemental application should be granted, as herein provided and that the expenditures herein authorized are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED that the order in Decision No. 38916, dated May 2, 1946, be and it hereby is modified so as to permit Dos Palos Telephone Co., Inc., to use not exceeding \$20,477.00 of the proceeds from the sale of the preferred stock authorized by said decision to pay indebtedness and to finance the cost of the additions and improvements to its telephone plant referred to herein and in said first supplemental application.

IT IS HEREBY FURTHER ORDERED that Dos Palos Telephone Co., Inc., may issue and sell the remaining unissued 4,620 shares of preferred stock authorized by Decision No. 38916, at par for cash, on or before December 31, 1947, and use the proceeds for the purposes specified in said decision.

Dated at San Francisco, California, this 11th day of July 1947.

Harold J. Kule
Justice J. Caseman
A. T. [unclear]

Commissioners