

Decision No. 40866**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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|--|---|-------------|
| In the Matter of the Application |) | |
| of Sunland-Tujunga Telephone Company, | : | |
| a corporation, for an Order of the |) | Application |
| Commission authorizing it to issue and | : | No. 28811 |
| sell 750 shares of capital stock. |) | |
| ----- | : | |

O P I N I O N

Sunland-Tujunga Telephone Company has applied to the Public Utilities Commission for permission to issue and sell, at par for cash, 750 shares of its common capital stock of the aggregate par value of \$75,000, for the purpose of financing the cost of new and additional telephone plant.

The application shows that Sunland-Tujunga Telephone Company is a corporation engaged in operating telephone systems in the communities of Sunland, Tujunga, Hansen Heights and La Tuna Canyon in the County of Los Angeles. It reports its operating revenues at \$107,543.10 during 1945, at \$143,779.14 during 1946 and at \$138,435.12 during the first eight months of 1947, with net income of \$15,090.68 in 1945, of \$20,651.53 in 1946 and of \$25,921.86 during the first eight months of 1947. Its balance sheet as of August 31, 1947, is shown in Exhibit "B" as follows:

Assets

| | |
|------------------------------|---------------------|
| Plant and equipment | \$574,740.89 |
| Material and supplies | 40,224.01 |
| Cash and accounts receivable | 65,605.89 |
| Deferred debits | <u>4,373.82</u> |
| Total | <u>\$684,944.61</u> |

Liabilities

| | |
|----------------------|---------------------|
| Capital stock | \$250,000.00 |
| Long-term debt | 235,500.00 |
| Accounts payable | 13,711.32 |
| Accrued taxes | 20,544.80 |
| Deferred credits | 4,235.14 |
| Depreciation reserve | 90,977.57 |
| Surplus | <u>69,975.78</u> |
| Total | <u>\$684,944.61</u> |

In this and in former proceedings the company has reported the necessity for substantial expenditures to its plant and equipment to meet increasing demands for service and to modernize its facilities. According to its financial reports on file with the Commission, its investment in telephone plant and equipment increased \$131,739.71 in 1946 and \$239,870.81 during the first eight months of 1947. In Exhibit "C" filed in this proceeding its capital expenditures for the period from August 1, 1947, to February 28, 1949, are estimated at \$735,675.16; segregated as follows:

| | |
|---|---------------------|
| Buildings (Central Office, garages, yard) | \$217,825.16 |
| Central Office equipment | 300,500.00 |
| Station apparatus | 73,300.00 |
| Station installations | 32,000.00 |
| Drop and block wire | 12,500.00 |
| Pole lines | 4,000.00 |
| Aerial cable | 64,000.00 |
| Underground cable | 14,050.00 |
| Aerial wire | 7,500.00 |
| Office furnishings | 8,500.00 |
| Vehicles and tools | <u>1,500.00</u> |
| Total | <u>\$735,675.16</u> |

On December 31, 1946, the company had 2,501 telephones in service. It reports that during the first eight months of 1947 the number of telephones in service increased 633 and that it had 498 unfilled applications for service on August 31, 1947, as

compared with 722 applications at the beginning of the year.

The Commission heretofore, by Decision No. 40152, dated April 8, 1947, authorized applicant to issue \$400,000 of notes to Bank of America National Trust and Savings Association and Occidental Life Insurance Company of California, to meet, in part, its construction requirements, said notes to be issued in accordance with the terms and conditions of a credit agreement between said companies and applicant.

Pursuant to the authorization thus given, applicant has issued \$235,500 of notes. It now reports that \$75,000 is available under the terms of the agreement provided that a like amount is obtained by it from the sale of additional capital stock. It alleges that the \$150,000 thus to be obtained through the issue of the additional notes and the sale of the stock requested in this application is required to cover construction during December, 1947, and January and February, 1948. The remainder of the funds which will be required during the remainder of 1948 and in 1949 will be the subject of future applications to be filed with the Commission.

O R D E R

Sunland-Tujunga Telephone Company having applied to the Public Utilities Commission for permission to issue and sell \$75,000 of its common capital stock and the Commission having considered the matter and it being of the opinion that a public hearing is not necessary, that the request of the company should be granted, as herein provided, and that the money, property or labor

to be procured or paid for through the issue of said stock is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. Sunland-Tujunga Telephone Company may issue and sell, after the effective date hereof and on or before February 28, 1948, at not less than its par value, not exceeding \$75,000 par value of its common capital stock and use the proceeds to finance, in part, the cost of the extensions, additions and betterments to its plant and properties referred to in the foregoing opinion and in this application.

2. Sunland-Tujunga Telephone Company shall keep such record of the issue of the stock herein authorized and of the disposition of the proceeds as will enable it to file, on or before the 25th day of each month, a verified report as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this 4th day
of November, 1947.

Harold D. Hale
Justice D. C. Green
Frank H. Powell
R. J. [unclear]
Commissioners -