

Decision No. 44236

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SANGER TELEPHONE COMPANY, a corporation, for an order of the Commission authorizing SANGER TELEPHONE COMPANY to issue 500 shares of its Cumulative Preferred Stock, \$100.00 Par Value, 5½% Series.

Application  
No. 31394

## O P I N I O N

Sanger Telephone Company, applicant herein, is a corporation engaged in furnishing local telephone service in and about the City of Sanger, Fresno County, and toll telephone service through connection with the lines of The Pacific Telephone and Telegraph Company. <sup>(1)</sup> In this application it seeks authority to issue and sell, at par, 500 shares of its Cumulative Preferred Stock, \$100 Par Value, 5½% Series, of the aggregate par value of \$50,000, to finance the cost of completing its dial conversion program and of making extensions and improvements to its plant.

In Application No. 30000, filed with the Commission on January 27, 1949, applicant reported that it was necessary to enlarge the plant and to install a 1000 line automatic central office. In Exhibit E, filed in that proceeding, it reported for

(1)

Financial reports by applicant and its predecessors of the operation of the system show the following:

	<u>Operating Revenues</u>	<u>Working Stations</u>	<u>Net Additions to Plant</u>
1945	\$ 43,551	1008	\$ 9,725
1946	58,793	1208	27,585
1947	76,618	1633	33,260
1948	90,515	1912	61,375
1949	103,338	2130	91,945

1949 and 1950, estimated capital requirements of \$264,400, as follows:

Payment of notes	\$ 28,000
Building	14,000
Station equipment	25,000
Central office equipment	145,000
Outside plant	<u>52,400</u>
Total	<u>\$264,400</u>

Applicant estimated that \$14,070 of its requirements would be provided from operations and it asked, and by Decision No. 42535, dated February 23, 1949, was granted, authority to issue and sell \$50,000 of 5½% preferred stock and \$200,000 of 4½% notes to provide the remaining \$250,000.

In the present proceeding, applicant reports that increased building and material costs will require it to spend an additional \$51,520 to complete its program, as follows:

Completion of building	\$ 400
Final installment on equipment	25,420
Telephones (350 telephones and 200 dials)	10,400
Booths	800
Poles	1,500
Cable and wire	<u>13,000</u>
Total	<u>\$51,520</u>

It is reported that the conversion to automatic operations will be made in August or September of this year and that the remainder of the proposed expenditures will be made during the balance of the year to provide facilities for new services and to upgrade existing services.

A review of the application shows that applicant will have need for the proceeds from the proposed issue of stock to carry forward its program. Its financial statements indicate that its earnings should be ample to support such issue.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of the stock herein authorized is reasonably required for the purpose specified herein and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED as follows:

1. Sanger Telephone Company, after the effective date hereof and on or before December 31, 1950, may issue and sell, at par for cash, not exceeding \$50,000 par value of its Cumulative Preferred Stock, \$100 Par Value, 5 $\frac{1}{2}$ % Series, for the purpose of financing in part, the estimated expenditures for plant referred to in this application.

2. Sanger Telephone Company shall file with the Commission monthly reports as required by 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 days from the date hereof.

Dated at San Francisco, California, this 26<sup>th</sup> day of May 1950.

R. E. Johnson  
Justus J. Wheeler  
Dept. of Public Util. & Comm.  
Harold A. Kula  
Herbert L. Potter  
Commissioners