

Decision No. 45235

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
DELTA TELEPHONE AND TELEGRAPH)
COMPANY, a California corporation,)
for permit to sell and issue an)
additional 1025 shares of its)
common stock.)
-----)
:

Application
No. 32001.

O P I N I O N

This is an application by Delta Telephone and Telegraph Company for an order authorizing it to issue and sell, at par for cash, 1,025 shares of its common stock, of the aggregate par value of \$102,500, for the purpose of paying indebtedness and of financing the cost of additions to its properties.

Applicant is engaged in furnishing telephone and telegraph service to certain districts along the Sacramento River including, among others, the communities of Clarksburg, Courtland, Isleton and Walnut Grove, with long distance toll connections being made with The Pacific Telephone and Telegraph Company at Sacramento. It has reported its revenues at \$123,784 during 1948, at \$137,459 during 1949, and at \$144,332 during the first eleven months of 1950, with net income after all charges, of \$37,836 in 1948, of \$33,692 in 1949, and at \$27,298 during the period from January to November, inclusive, of 1950.

In Exhibit A, applicant's assets and liabilities as of November 30, 1950, are reported as follows:

Assets

Plant and equipment		\$473,936.64
Current assets -		
Cash	\$25,113.33	
Temporary cash investments	19,040.00	
Accounts receivable	28,348.24	
Materials and supplies	<u>9,275.59</u>	
Total current assets		81,777.16
Prepaid items		<u>3,177.56</u>
	Total	<u>\$558,891.36</u>

Liabilities

Current liabilities -		
Notes payable	\$40,000.00	
Accounts payable	3,478.97	
Taxes accrued	<u>18,488.85</u>	
Total current liabilities		\$ 61,967.82
Depreciation reserve		142,275.37
Contributions of telephone plant		8,209.68
Capital stock-common		307,500.00
Surplus		<u>38,938.49</u>
	Total	<u>\$558,891.36</u>

Applicant reports that it has made arrangements for the purchase of equipment to convert its operations to operator toll dialing and to enlarge its switchboards at Clarksburg, Courtland, Isleton and Walnut Grove, all at an estimated cost of \$41,000, and that it estimates, in addition, it will be called upon to expend during 1951 the sum of \$21,500 for plant facilities to meet increasing demands for service, as set forth in some detail in Exhibit B filed in this proceeding. It desires to obtain the funds to pay for these additions and improvements, and also to liquidate its present outstanding notes of \$40,000 which it alleges were issued to pay for plant costs, through the issue and sale of the stock covered by this application. Subject to receiving permission from the Commission to issue said shares, it proposes to offer them to its present stockholders in the ratio of one share of the new issue for each three shares presently outstanding, and to sell any unsubscribed

shares, at par for cash, to the public.

A review of the application clearly indicates that applicant will have need for additional funds from outside sources to enable it to pay its indebtedness and to proceed with its construction program. Accordingly, an order will be entered granting applicant's request.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing thereon 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 by applicant for the purposes specified herein; and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Delta Telephone and Telegraph Company, after the effective date hereof and on or before December 31, 1951, may issue and sell, at par for cash, not exceeding 1,025 shares of its common stock, of the aggregate par value of \$102,500, under the terms set forth in this application and for the purposes indicated therein.

2. Delta Telephone and Telegraph Company shall file with the Commission a report, or 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 (20) days after the date hereof.

Dated at Los Angeles, California, this 9th day of January, 1951.

R. E. Anderson
Justus F. Casner
Harold P. Kula
Penelope Potter
Commissioners