

ORIGINAL

Decision No. 46507

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of The Western Telephone Company)	
for authority to establish rates for new	:	
services; to establish continuous service in)	Application
its Laytonville and Covelo Exchanges; to	:	No. 32114
increase rates for certain services; and to)	(First Supplemental)
issue 8,600 shares of its Cumulative Preferred	:	
Stock, \$25.00 Par Value.)	
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FIRST SUPPLEMENTAL OPINION AND ORDER

In a supplemental application filed in this proceeding on November 17, 1951, The Western Telephone Company asks the Commission to modify its order in Decision No. 45733, dated May 22, 1951, so as to permit it to increase the dividend rate on shares of its preferred stock from 5% to 5½% and to pay a sales commission of 5%.

Applicant is a California corporation organized in August, 1949. According to Exhibit A filed in the original proceeding, its authorized capital stock consists of 8,000 shares of common stock and 8,000 shares of cumulative preferred stock of the par value of \$25 each. The shares of preferred stock are issuable in series and as to each series the holders thereof are entitled to receive dividends at the respective rates for shares of said series, as stated in applicant's articles of incorporation, or as fixed by its board of directors by resolution.

By said Decision No. 45733, the Commission authorized applicant to issue and sell 5,600 shares of its Cumulative Preferred Stock, \$25 Par Value, 5% Series, of the aggregate par value of \$140,000, at not less than par, for the purpose of financing the

cost of new facilities. Applicant now reports, however, that it has sold only 179 of the shares authorized, that it has concluded it is necessary for it to increase the dividend rate in order to attract investors, and that accordingly it proposes, by appropriate resolution, to change the dividend rate to $5\frac{1}{2}\%$ and to issue new shares to the holders of said 179 shares and thereafter to proceed with the offering of the remaining shares authorized by the Commission. It reports that it intends to employ an agent to dispose of its stock and it asks permission to use 5% of the proceeds to pay sales commissions.

The Commission has considered this matter and is of the opinion that applicant's requests should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. The Western Telephone Company, after the date hereof and on or before June 30, 1952, may issue shares of its Cumulative Preferred Stock, \$25 Par Value, $5\frac{1}{2}\%$ Series, in exchange for shares of stock of its 5% series heretofore issued and outstanding under authority granted by Decision No. 45733, dated May 22, 1951.
2. The Western Telephone Company, after the date hereof and on or before June 30, 1952, may issue and sell, at not less than par, its shares of Cumulative Preferred Stock, \$25 Par Value, $5\frac{1}{2}\%$ Series, in lieu of shares of stock of its 5% series heretofore authorized by said Decision No. 45733, and use the proceeds for the purposes set forth in said decision.

3. The Western Telephone Company may use not in excess of 5% of the par value of the shares of 5½% preferred stock to be sold under the authority herein granted to pay commissions for the sale of said shares. ✓

4. The Western 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.

5. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 11th day of December, 1951.

R. E. [Signature]
President

Justice F. Coe
Harold P. Hula

[Signature]
[Signature]
Commissioners