

ORIGINAL

Decision No. 46950

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of )  
W. Gilman Snyder, an individual, )  
and The Western Telephone Company, )  
a corporation, for an order of the )  
Commission: (a) authorizing W. )  
Gilman Snyder, an individual, to )  
sell to The Western Telephone )  
Company, a corporation, the properties )  
owned by him and consisting of the )  
Volcano Telephone Exchange and the )  
Weaverville Telephone Exchange and )  
contiguous systems; (b) authorizing )  
said W. Gilman Snyder, an individual, )  
to withdraw from the public utility )  
telephone business in the Volcano and )  
Weaverville Telephone Exchanges and, )  
(c) authorizing The Western Telephone )  
Company, a corporation, to purchase )  
the Volcano and Weaverville Telephone )  
Exchanges and to engage in the public )  
utility telephone business in the )  
Volcano and Weaverville Telephone )  
Exchanges; (d) authorizing The Western )  
Telephone Company, a corporation, to )  
issue shares of its \$25 Par Value )  
Common Stock in an amount equal to the )  
net book value of said properties, and )  
to issue 2000 shares of its Cumulative )  
Preferred Stock, \$25 Par Value, 5% )  
Series. )  
----- )

Application  
No. 30803

THIRD SUPPLEMENTAL ORDER

By Decision No. 43623, dated December 13, 1949, and Decision No. 44763, dated September 11, 1950, in the above entitled matter, the Commission authorized W. Gilman Snyder to transfer telephone properties to The Western Telephone Company and authorized The Western Telephone Company to issue to said Snyder its common stock in the aggregate amount of \$34,500 par value. The decisions of the Commission stated that upon the filing of additional information concerning the investment in assets, consideration would be given to the issue of additional stock.

It appears that The Western Telephone Company took over the operations and properties on or about January 1, 1950, and that as of that date the reported net investment in telephone plant was \$34,492.83 and the amount of said Snyder's proprietary interest was \$44,721.30, against which the Commission, as stated, authorized the issue of \$34,500 par value of stock, leaving a balance of \$10,221.30 due Snyder representing investment in current assets.

The corporation now reports that since acquiring the business and properties it has increased its net investment in telephone plant to \$264,463.68, represented in part by amounts due Snyder. Its financial position as indicated by its balance sheet of December 31, 1951, is shown below:

<u>Assets</u>		
Telephone plant		\$325,571.16
Less-depreciation reserve		<u>61,107.48</u>
Net investment in telephone plant		264,463.68
Current assets -		
Cash	\$ 311.65	
Notes receivable	10,200.00	
Accounts receivable	5,052.33	
Materials and supplies	<u>10,415.65</u>	
Total current assets		25,979.63
Deferred charges		<u>1,665.27</u>
Total		<u>\$292,108.58</u>
<u>Liabilities and Net Worth</u>		
Current liabilities -		
Notes payable	\$56,500.00	
Accounts payable	22,310.04	
Accrued liabilities	11,747.16	
Other current liabilities	<u>5,482.50</u>	
Total current liabilities		\$ 96,039.70
Contributions of telephone plant		884.28
Preferred stock		104,375.00
Common stock		75,400.00
Installments on stock subscriptions		5,762.69
Surplus		<u>9,646.91</u>
Total		<u>\$292,108.58</u>

The corporation now requests the Commission to give further consideration to its request to issue stock and to authorize it to issue \$15,825 par value to Snyder in payment of indebtedness due him

representing moneys advanced and used in the acquisition of assets. At the conclusion of the transaction applicant's outstanding stock will aggregate \$195,600.

We have reviewed this request and are of the opinion that a hearing is not necessary; that the issue of stock in the amount requested should improve the corporation's financial condition by converting current accounts of that amount into equity capital; that the money, property or labor to be procured or paid for through the issue of the stock herein authorized is reasonably required by said corporation for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. The Western Telephone Company, after the effective date hereof and on or before September 30, 1952, may issue \$15,825 par value of common stock in addition to that authorized by Decision No. 43623, dated December 13, 1949, and Decision No. 44763, dated September 11, 1950, to pay indebtedness and to finance in part the cost of acquiring properties from W. Gilman Snyder.

2. 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.

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

Dated at San Francisco, California, this 8<sup>th</sup> day of April, 1952.

A. J. [Signature]  
President  
James J. [Signature]  
Harold P. [Signature]  
[Signature]  
[Signature]  
Commissioners