

Decision No. 46986

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of The Western Telephone Company)
 for authority to issue 5,436 shares of Common)
 Stock, \$25.00 Par Value.)
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Application
 No. 33259

O P I N I O N

The Western Telephone Company, applicant herein, is a corporation engaged in operating telephone exchanges serving customers in and about Weaverville, Trinity County, and in and about Garberville, Laytonville and Covelo in portions of Humboldt and Mendocino Counties. In this application it seeks authorization to issue and sell, at par, \$135,900 par value of its common stock for the purpose of financing the cost of additions and improvements to its plants.

Applicant has an authorized capital stock of 40,000 shares, of the par value of \$25 each and of the aggregate par value of \$1,000,000, divided equally into shares of preferred stock, issuable in series, and into shares of common stock. The amounts of each class of stock authorized and outstanding as reported in the application are shown in the following tabulation:

	<u>Authorized</u>	<u>Outstanding</u>
Preferred -		
4 $\frac{1}{2}$ % series	\$ 100,000	\$ 81,800
5% series	50,000	18,100
5 $\frac{1}{2}$ % series	140,000	13,075
Unclassified	210,000	-
Total preferred	<u>500,000</u>	<u>112,975</u>
Common	<u>500,000</u>	<u>75,400</u>
Totals	<u>\$1,000,000</u>	<u>\$188,375</u>

The application shows that pursuant to an order granted by the Commission which will terminate on June 30, 1952, applicant

heretofore undertook the issue and sale of \$37,000 par value of its 5% preferred stock, that it has disposed of \$18,100 par value thereof and that it does not propose to undertake the sale of the remaining \$18,900. The application further shows that under authorization subsequently granted applicant has offered for sale, and now is engaged in selling, an issue of \$140,000 par value of its 5½% preferred stock for the purpose of financing the cost of additional equipment and improvements.

Applicant reports that it has need for additional funds for other construction purposes and that it desires at this time to offer for sale its shares of common stock in the aggregate amount of \$135,900 for the following purposes:

Garberville

1. New warehouse and garage at Garberville	\$ 12,000
2. Garberville-Briceland carrier systems	7,500
3. Briceland-Ettersburg pole line	10,000
4. Briceland-Thorn pole line	15,000
5. Garberville-Benbow exchange cable	10,000
6. Line truck--Garberville	7,000
	<u>61,500</u>

Laytonville

1. Laytonville-Branscomb pole line	10,000
2. Farmhouse-Bell Springs pole line	8,000
3. Farmhouse-Cummings pole line	5,000
4. Laytonville-Dos Rios pole line	10,000
5. Exchange cable	2,000
6. Dial switchboard	21,000
7. Dial stations	5,000
8. Maintenance truck	4,000
	<u>65,000</u>

Weaverville

1. Warehouse	6,000
2. Maintenance truck	4,000
3. Big Bar repeater building	1,000
4. Hayfork stand-by power unit	1,000
	<u>12,000</u>

Total	<u>\$138,500</u>
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The application indicates that applicant has invested \$325,571.16 in its telephone plant and that it has financed its costs in part through the issue of shares of stock and in part with

borrowed moneys. It has reported its revenues for the year 1951 at \$130,698.17 and its net profit, after deducting operating expenses, depreciation, taxes and interest, at \$11,054.52.

From time to time the Commission has reviewed applicant's affairs. It clearly appears that applicant will have need for additional funds from external sources if it is to proceed with its proposed construction program and that the issue of shares of common stock is desirable. Applicant reports that it has received inquiries regarding the availability of its shares of common stock and it feels that it should undertake the sale at this time. It intends to offer the shares to residents of the State of California.

An order granting applicant's request will be entered.

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. The Western Telephone Company, after the effective date hereof and on or before March 31, 1953, may issue and sell, at not less than par, not exceeding \$135,900 par value of its common stock and use the proceeds for the purposes set forth in this application.

2. Applicant 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 14th day of April, 1952.

President

Justin J. Caseman

Harold A. Hule

Samuel H. Patten

John E. Mitchell

Commissioners