

ORIGINAL

Decision No. 47753

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
KERMAN TELEPHONE COMPANY, a California)
corporation, for an order authorizing)
it to execute a Twenty-Five Thousand)
Dollar (\$25,000.00) Note bearing Six)
Percent (6%) interest, to William G.)
Sebastian and Kathleen Sebastian,)
husband and wife, and to issue One-)
Seventh (1/7) share of Common Stock.)
-----)

Application
No. 33736

OPINION AND ORDER

This is an application for an order authorizing Kerman Telephone Company to issue one-seventh share of common stock and a ten-year 6% note in the principal amount of \$25,000.

Applicant is a California corporation engaged in furnishing telephone service in and about Kerman and Biola, in Fresno County. In its financial statements filed with the Commission it reports its operating revenues at \$76,168 for the year 1951 with net income, after all charges, of \$6,032, and operating revenues of \$21,550 for the first three months of 1952 with net income for the same period of \$2,766. Applicant reports its net investment in plant and equipment, including work in progress, at \$103,352.

It appears that applicant has financed its investment in part through the issue of 239-6/7 shares of common stock of the par value of \$35 each, and in part with borrowed moneys including \$28,000 of one-year 6% notes issued during the years 1946 to 1951, inclusive, to William G. Sebastian and Kathleen Sebastian, the owners of approximately 50% of its outstanding shares of stock. The application shows that appropriate steps have been taken by applicant looking toward the issue of one-seventh share of stock in order to bring the outstanding shares up to an even amount, and the issue of a new note in

the principal amount of \$25,000 to renew a like amount of the presently outstanding short-term notes.

The Commission has considered this matter and is 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 by the issue of the stock and note 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. Kerman Telephone Company, after the effective date hereof and on or before February 28, 1953, may issue one-seventh share of common stock for \$5.00 and use the proceeds to provide working capital and to finance the cost of additions to its plant, and may issue a ten-year 6% note in the principal amount of \$25,000, for the purpose of renewing a like amount of notes presently outstanding.

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 when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is twenty-five (\$25.00) dollars.

Dated at San Francisco, California, this 30th day of September, 1952.

R. J. [Signature]
President

Harold P. [Signature]

[Signature]

