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Decision No. 49534

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Sunland-Tujunga Telephone Company, a :
corporation, for an Order of the)
Commission authorizing it to issue :
9,000 shares of Common Stock.)

Application No. 34986

OPINION

Sunland-Tujunga Telephone Company has filed this application for authorization to issue 9,000 shares of its common stock, of the par value of \$25 each and of the aggregate par value of \$225,000, and to sell said shares, at par for cash, for the purpose of paying indebtedness and of financing the cost of property.

Applicant owns and operates a telephone system providing local and inter-exchange telephone service for the communities of Sunland, Tujunga, Shadow Hills and La Tuna Canyon in the County of Los Angeles. It has reported its revenues and expenses as follows:

· · ·	1951	1952	1953 8 Mos.
Operating revenues Operating expenses	\$464,530 351,518	\$509,886 <u>388,727</u>	\$389,517 297,771
Net operating income	\$113,012	\$121,159	\$ 91,746

Applicant's financial statement shows its assets, liabilities and capital as of August 31, 1953, as follows:

Assets

Cash Accounts receivable Materials and supplies Prepaid expenses Total current assets Plant and equipment—less depreciation reserve Miscellaneous physical property Deferred debits	\$ 49,546.55 58,605.70 177,924.44 2,163.96 \$ 288,240.65 2,028,904.17 12,432.99 18,617.62
Total	al \$2,348,195.43
Liabilities and Capital	
Current liabilities - Notes payable Accounts payable Accrued taxes Total current liabilities Long-term debt Deferred credits Preferred stock Common stock equity - Common stock Surplus Total common stock equity	\$175,000.00 27,780.25 114,976.76 \$ 317,757.01 689,168.75 7,898.97 325,000.00 183,370.70 1,008,370.70
Total	\$2,348,195.43
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For a number of years applicant has been faced with a substantial program of expansion of its facilities to meet demands by new subscribers for service. Its budget for the year 1954 shows estimated construction in the amount of \$282,400, as set forth in some detail in Exhibit B-1, and its preliminary budget for 1955 shows estimated construction at \$92,600. Applicant reports it will obtain \$72,000 from depreciation accruals in 1954 and \$80,600 from the same sources in 1955 to meet its requirements, leaving a balance of \$222,400 to be obtained from other sources.

In meeting its construction requirements applicant has arranged to make short-term borrowings from Bank of America National Trust and Savings Association and to repay the same from time to time with proceeds from the sale of common stock. It proposes to

offer its shares of stock directly to purchasers within the State of California from time to time as it has need for funds, and presently expects its offerings will extend to the middle of 1955. It estimates its capital structure as of the end of 1954 will be as follows:

Long-term debt Preferred stock Common stock	35.6% 13.3 42.1
Surplus	<u>~9.0</u>
Total	100.0%

The Commission has considered this application and is of the opinion that applicant will have need for additional financing to meet its capital costs, that the issue and sale of shares of stock as proposed should be undertaken by applicant, and that the money, property or labor to be procured or paid for by the issue and sale of the shares of stock herein authorized is reasonably required by applicant for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

Accordingly, the Commission will enter an order granting the application.

ORDER

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary and that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

- 1. Sunland-Tujunga Telephone Company may issue and sell, on or before June 30, 1955, not exceeding 9,000 shares of its common stock, at par for cash, for the purposes set forth in this application.
- 2. Sunland-Tujunga 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 20 days after the date hereof.

Dated at San Francisco, California, this 12 day of January, 1954.

President

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