

ORIGINAL

Decision No. 49603

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
WEST COAST TELEPHONE COMPANY OF)
CALIFORNIA, to issue and sell stock.)
-----)

Application
No. 35018

O P I N I O N

West Coast Telephone Company of California has filed this application for authorization to issue 20,000 shares of its common stock, of the par value of \$25 each and of the aggregate par value of \$500,000, and to sell said shares at their par value for the purpose of paying outstanding indebtedness.

Applicant is a California corporation engaged in the telephone and telegraph business in Humboldt and Del Norte counties, in California, having exchanges located at Crescent City, Smith River, Klamath and Orick. Information filed with the Commission shows that its volume of business has been growing rapidly. Its reported investment in its telephone plant has increased from \$185,805 at the beginning of 1948 to \$728,366 at the close of 1952, and its telephone stations in service have increased during the same period from 723 to 1,845. Its revenues from operations were reported at \$77,662 for 1948 and at \$233,314 for 1952.

The present application shows that during 1953 applicant has experienced additional growth and has increased its investment in telephone plant to \$804,417 at the close of October, 1953, and has had operating revenues of \$256,558 for the ten-month period. Its financial position as of October 31, 1953, is indicated in the

following balance sheet which was prepared from Exhibit B filed in this proceeding:

<u>Assets</u>		
Investment -		
Telephone plant	\$804,417	
Less-reserves	<u>103,325</u>	
Net investment		\$701,092
Current assets		41,257
Deferred charges		<u>7,236</u>
	Total	<u>\$749,585</u>
<u>Liabilities and Capital</u>		
Current liabilities -		
Accounts payable	\$499,171	
Other current liabilities	<u>45,887</u>	
Total current liabilities		\$545,058
Capital -		
Common stock	79,400	
Surplus	<u>125,127</u>	
Total capital		<u>204,527</u>
	Total	<u>\$749,585</u>

Applicant's outstanding stock, all common, is held by West Coast Telephone Company, a Washington corporation. It has been applicant's practice not to pay dividends but to reinvest its earnings in its properties. As is clearly indicated in the preceding balance sheet, it has financed itself with equity capital and with current liabilities, which current liabilities include advances of \$486,984.44 from the parent corporation for capital improvements. It is applicant's present intention to liquidate its borrowings from its parent corporation through the issue of shares of its common stock and to use for general corporate purposes any stock proceeds not needed to pay such indebtedness.

We have considered this application and are of the opinion that applicant should be authorized to issue and sell its shares of stock and to use the proceeds to pay indebtedness and to reimburse its treasury for moneys expended from income for additions to plant.

O R D E R

The Commission having considered the above entitled matter and being 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 and sale of the shares of 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. West Coast Telephone Company of California may issue and sell, at par, on or before September 30, 1954, not exceeding 20,000 shares of its common stock and use the proceeds to pay indebtedness and to reimburse its treasury.

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 20 days after the date hereof.

Dated at San Francisco, California, this 26th day of January, 1954.

Herbert Pottel

John E. Mitchell

Gene Dingus

Commissioners