

Decision No. 52379

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
	:	
of)	
	:	Application
DELTA TELEPHONE AND TELEGRAPH)	No. 37342
COMPANY, a California corporation,	:	
for permit to sell and issue an)	
additional 1367 shares of its	:	
common stock.)	
-----	:	

O P I N I O N

This is an application by Delta Telephone and Telegraph Company for an order authorizing it to issue and sell, at par for cash, 1,367 shares of its common stock, of the aggregate par value of \$136,700, for the purpose of paying indebtedness, reimbursing its treasury, and financing the cost of additions to its properties.

Applicant is engaged in furnishing telephone and telegraph service to certain districts along the Sacramento River including, among others, the communities of Clarksburg, Courtland, Isleton and Walnut Grove, with long distance toll connections being made with The Pacific Telephone and Telegraph Company at Sacramento. It reports that it has contracted for automatic toll ticketing equipment to be installed in its offices at an estimated cost of \$47,500, and it estimates, in addition, that it will be called upon to expend the sum of \$8,500 during the remainder of 1955 for normal plant growth, the two items aggregating \$56,000.

The application shows that the company intends to use the proceeds from the sale of its stock to finance these improvements, to reimburse its treasury in the amount of \$20,700 used to finance

net plant additions, and to liquidate presently outstanding notes of \$60,000 which it alleges were issued to pay for plant costs. Subject to receiving permission from the Commission, it proposes to offer its stock to its present stockholders in the ratio of one share of the new issue for each three shares presently outstanding, and to sell any unsubscribed shares, at par for cash, to the public, with no commission being paid on the sale.

In financial statements filed with the Commission applicant has reported its revenues at \$184,697 during 1953, at \$197,739 during 1954, and at \$143,333 during the first eight months of 1955, with net income after all charges of \$26,270 in 1953, of \$26,006 in 1954, and at \$20,958 during the period from January to August, inclusive, of 1955. For a number of years it has paid annual dividends of \$24,600 on its outstanding common stock, being at the rate of \$6 a share.

In Exhibit A, applicant's assets and liabilities as of August 31, 1955, are reported as follows:

<u>Assets</u>		
Plant and equipment	\$668,934.23	
Less: depreciation reserve	<u>179,848.38</u>	
Net plant and equipment		\$489,085.85
Current assets -		
Cash	11,565.30	
Temporary cash investments	4,300.00	
Accounts receivable	31,766.58	
Materials and supplies	<u>11,095.32</u>	
Total current assets		58,727.20
Prepaid items		<u>7,591.18</u>
	Total	<u>\$555,404.23</u>
<u>Liabilities</u>		
Current liabilities -		
Notes payable	\$ 60,000.00	
Accounts payable	1,725.80	
Taxes accrued	<u>23,079.82</u>	
Total current liabilities		\$ 84,805.62
Capital stock - common		410,000.00
Contributions of telephone plant		12,628.43
Surplus		<u>47,970.18</u>
	Total	<u>\$555,404.23</u>

A review of the application clearly indicates that applicant will have need for additional funds from outside sources to enable it to pay indebtedness and to reimburse its treasury, thereby improving its cash position, and to finance future additions to its plant and equipment. Accordingly, an order will be entered granting applicant's request.

There is pending Case No. 5473 initiated by the Commission on its own motion into the matter of extended service in the Sacramento area, including Courtland. The action taken herein shall not be construed to be a determination of that matter.

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 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. Delta Telephone and Telegraph Company, on and after the effective date hereof and on or before June 30, 1956, may issue and sell, at par for cash, not exceeding 1,367 shares of its common stock, of the aggregate par value of \$136,700, under the terms set forth in this application and for the purposes indicated therein.

2. Delta Telephone and Telegraph 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 days after the date hereof.

Dated at San Francisco, California, this 18th day of October, 1955.

John E. Mitchell
President

Justus J. Casper
Randa L. Anderson

William J. [unclear]

[unclear]
Commissioners