

ORIGINALDecision No. 52190

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 THE WESTERN TELEPHONE COMPANY, a
 California Corporation, for authority
 to issue 6,000 shares of Common
 Stock, \$25.00 Par Value.

Application
 No. 37424
 (and Amendment)

O P I N I O N

The Western Telephone Company is a California corporation engaged as a public utility in furnishing local and toll telephone service generally throughout Trinity County and in portions of Humboldt and Mendocino Counties. In this application it seeks authorization to issue and sell 6,000 shares of common stock of the par value of \$25 each, and of the aggregate par value of \$150,000, for the purpose of financing the cost of additions and improvements to its plants and facilities.

Exhibit A filed in this proceeding shows applicant's net investment in its utility properties, as of September 30, 1955, in the amount of \$1,015,924, and its sources of capital funds as follows:

Notes payable		\$ 600,000	55%
Preferred stock -			
4½% series	\$ 81,800		
5% series	18,375		
5½% series	<u>47,800</u>		
Total preferred stock		147,975	13
Common stock equity -			
Common stock	309,100		
Surplus	<u>39,943</u>		
Total common stock equity		<u>349,043</u>	<u>32</u>
Total		<u>\$1,097,018</u>	<u>100%</u>

The application shows that the utility has been faced with a substantial growth in its service area. In the last four and one-half years its subscribers have increased from 1,253 to 2,200, and its net investment in plant has increased by \$800,487. It currently has plans for the construction and installation during the next fifteen months of additional projects estimated to cost \$170,000, as follows:

Completion of Alderpoint-Blocksburg and Fort Seward construction	\$ 10,000
Hayfork dial conversion	70,000
Additional facilities to Briceland, Thorn and Ettersburg	25,000
Additional facilities to Branscomb	15,000
Additional facilities in Weaverville area due to construction of Trinity River Project	25,000
Additional facilities in Redway	<u>25,000</u>
	\$170,000

Some of the expenditures are designed to meet the requirements of the Commission which were set out in Decision No. 52034, dated October 4, 1955, in Case No. 5573, wherein the company was ordered to carry to completion with all possible dispatch its program for provision of additional telephone circuits on its line between Alderpoint, Fort Seward, and Blocksburg, and the other expenditures are reported by applicant to be necessary to meet the continuing demand of the public for telephone facilities.

Applicant presently is negotiating for a further loan agreement. It reports, however, that prospective lenders require additional equity money in the business and that for this reason it desires to continue with the program it instituted several years ago

of marketing common shares in its territory. It is of the opinion it can obtain as much as \$150,000 from common stock sales by December 31, 1956, and it proposes to offer its shares, from time to time as funds are needed, for sale at par for cash. It desires authority to use not in excess of 10% of the gross proceeds to pay commissions, if necessary.

Financial reports filed with the Commission show that applicant has met its preferred stock dividend requirements and since the time it became engaged in its common stock sales it has paid annual dividends on such common stock at the rate of 6% per annum. Its earnings have been sufficient to permit it to make such distributions and to accumulate a surplus of \$39,943. At the close of 1954, it had 86 common shareholders and 77 preferred shareholders.

Under the circumstances set forth in the verified application, it appears to us that applicant has need for additional common stock money and that its request should be granted. An order will be entered in this proceeding.

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 money, property or labor to be procured or paid for by the issue of the shares of stock herein authorized is reasonably required for the purposes specified herein, and that the expenditures for 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 may issue and sell not exceeding 6,000 shares of common stock at par for cash on or before December 31, 1956, and use, if necessary, not exceeding 10% of par value of stock sold to pay selling commissions. The remaining proceeds shall be used to finance in part the capital expenditures referred to in this proceeding.


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.

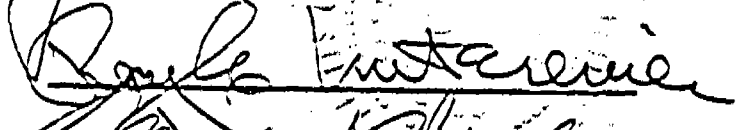
3. The authority herein granted will become effective upon the date hereof.

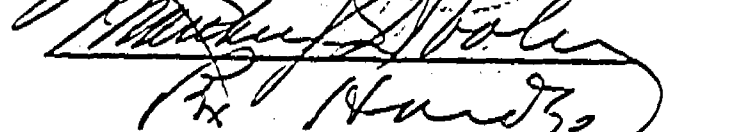
Dated at San Francisco, California, this 7th day of November, 1955.




(President)









Commissioners