

Decision No. 53454

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
KERMAN TELEPHONE COMPANY for authority :)	Application
to issue and sell 1,000 shares of its)	No. 38151
Cumulative Preferred Stock, \$100 Par)	
Value, 5½%, Series B.)	
-----)	

OPINION AND ORDER

Kerman Telephone Company has filed this application for authorization to issue and sell 1,000 shares of its 5-1/2% Cumulative Preferred Stock of the par value of \$100 each and of the aggregate par value of \$100,000.

Applicant is a California corporation operating telephone systems in and about the towns of Kerman and Biola. Its application shows that at the end of 1955 it had invested \$240,310 in its telephone plant accounts and in its current and other assets, after deducting the accumulated reserve for depreciation, that in financing itself it had incurred no long-term indebtedness, and that it had met its requirements from the following sources:

Preferred stock, 6% cumulative	\$100,000
Common stock and surplus	<u>140,310</u>
Total	<u>\$240,310</u>

The company presently has outstanding 3,339 common shares of the par value of \$35 each.

Applicant's investment in its properties and its volume of business have been increasing. Its financial reports filed with the Commission show that the number of telephones in service has increased from 1,143 at the end of 1951 to 1,536 at the end of 1955,

that its annual gross revenues have increased during the same period from \$76,168 to \$112,819 and its net investment in plant from \$143,893 to \$214,344. It now reports that it is required to expand and improve its service and to install additional facilities in the estimated amount of \$111,000, as follows:

Underground duct work	\$ 2,000
Automatic toll ticketing equipment	40,000
Cable Kerman Alleys	4,000
Miscellaneous growth items	10,000
Reinforce cable feeders	4,000
Extend cables - On Madera to Shields	
On Lassen to McKinley	
On Belmont to Lake	
five miles	14,000
Central office growth	5,000
Extensions of and rehabilitation of	
outside plant	30,000
Coin boxes for public telephones	<u>2,000</u>
	<u>\$111,000</u>

Applicant intends to meet a part of its required capital expenditures through the issue of the stock covered by this application. It intends to dispose of the shares at par for cash to residents of the state.

The Commission has considered this matter and is 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 stock herein authorized is reasonably required by applicant for the purposes specified herein, that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that the application should be granted; therefore,

IT IS HEREBY ORDERED as follows:

1. Kerman Telephone Company may issue and sell 1,000 shares of its Cumulative Preferred Stock, \$100 Par Value, 5-1/2%, Series B, at par for cash, and use the proceeds for the purposes set forth in this application.

2. Kerman Telephone Company shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The approval herein indicated is for the issue of securities only and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

4. The authority herein granted is effective on the date hereof.

Dated at San Francisco, California, this 20th day of July, 1956.

[Signature]
President

[Signature]
[Signature]

[Signature]
Commissioners