

**ORIGINAL**

Decision No. 61504

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SUNLAND-TUJUNGA TELEPHONE COMPANY for an order authorizing it to split up its common shares by changing each outstanding common share, of the par value of \$25, into five common shares, of the par value of \$5 each, and to issue its new common shares, par value \$5 per share, to effect such split-up.

Application No. 43139

O P I N I O N

Sunland-Tujunga Telephone Company, by its application filed on February 8, 1961, seeks authorization to issue 333,930 shares of common stock of the par value of \$5 each in exchange for 66,786 common shares of the par value of \$25 each presently outstanding in order to effect a reclassification and split-up, on a five-for-one basis, of its outstanding common shares.

Applicant owns and operates a public utility telephone system providing local and interexchange telephone service for the communities of Sunland-Tujunga, Shadow Hills and La Tuna Canyon. As of November 30, 1960, it reports its net investment in utility plant at \$4,621,112 and its outstanding long-term debt and capital stock, including surplus, at \$4,490,348, as follows:

Long-term debt		\$1,800,000	40%
Preferred stock		320,100	7
Common stock equity -			
Common stock	\$1,669,650		
Premiums	230,350		
Surplus	<u>470,248</u>		
Total common stock equity		<u>2,370,248</u>	<u>53</u>
Total		<u>\$4,490,348</u>	<u>100%</u>

The outstanding common stock consists of 66,786 shares of the par value of \$25 each. It has been applicant's practice to dispose of its common shares from time to time through its own organization, primarily within its service area, as it has need for capital funds. Now it has concluded that a split-up of its common shares will broaden the market for its shares and will result in a wider distribution and in an increased number of shareholders, all of which it believes will increase the marketability of its common shares and facilitate future equity financing. To accomplish this split-up, applicant is taking steps to amend its Articles of Incorporation so as to change each common share into five common shares of the par value of \$5 each and to increase the aggregate outstanding shares to 333,930. The split-up, of course, will not result in any change in the stated capital or in the surplus accounts.

From a review of the application, we are of the opinion, and so find and conclude, that the proposed action will not be adverse to the public interest; that the money, property or labor to be procured or paid for by the issue of

the stock herein authorized is reasonably required for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. An order will be entered granting the application.

The authorization herein granted is for the issue of shares of stock 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.

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,

IT IS ORDERED -

1. That Sunland-Tujunga Telephone Company, on or after the effective date hereof and on or before September 30, 1961, may issue not to exceed 333,930 shares of its common stock of the par value of \$5 each in exchange for the presently outstanding 66,786 shares of common stock of the par value of \$25 each for the purpose of effecting a reclassification and split-up, on a five-for-one basis, of its presently outstanding common shares.

2. That Sunland-Tujunga Telephone Company shall file with the Commission, on or before October 31, 1961, a certified copy of its Articles of Incorporation as amended to effect the reclassification of its common shares.

3. That the authorization herein granted shall become effective 20 days after the date hereof.

Dated at San Francisco, California,  
this 7<sup>th</sup> day of MARCH, 1961.

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President

*L. J. [Signature]*

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*George G. Hoover*

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*Fredrick B. Holmberg*

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Commissioners