

Decision No. 68665

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of WESTERN CALIFORNIA TELEPHONE)
 COMPANY to issue and sell 20,000)
 shares of its common stock,)
 \$10.00 par)

Application No. 47325
Filed February 10, 1965

O P I N I O N

Western California Telephone Company has filed this application for authority to issue and sell 20,000 shares of its \$10 par value common stock at a price of \$75 per share to General Telephone & Electronics Corporation.

Applicant is a California corporation engaged in the business of rendering telephone service in Los Gatos, Morgan Hill, Novato, Kenwood, McCloud and adjacent areas. The application shows that the company's outstanding common stock totals 218,595 shares and that General Telephone & Electronics Corporation owns 218,580 shares of said stock. For the year 1964, applicant reports gross operating revenues of \$3,733,124 and net income of \$639,419 and, as of December 31, 1964, its \$12,544,648 net investment in telephone plant was offset primarily by long-term debt and common stock equity in amounts of \$4,625,000 and \$5,457,444, respectively, and by short-term bank notes totaling \$2,350,000.

The company asserts that a \$1,500,000 temporary loan was obtained from General Telephone & Electronics Corporation on January 28, 1965. Said loan was advanced to applicant for the purpose of retiring a portion of short-term bank indebtedness, the proceeds of which were expended for additions and betterments to the telephone system. In this proceeding, applicant proposes to issue and sell 20,000 shares of its \$10 par value common stock at a price of \$75 per share to General Telephone & Electronics Corporation in order to discharge the \$1,500,000 temporary loan.

The Commission has considered this matter and finds that: (1) the proposed stock issue is for a proper purpose; (2) 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 (3) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

In issuing our order herein, we place Western California Telephone Company and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return the company should be allowed to earn on its investment in plant and that the authorization herein given is not to be construed as a finding of the value of the company's stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Western California Telephone Company, on or after the effective date hereof and on or before June 30, 1965, may issue and sell not to exceed 20,000 shares of its common stock at a price of \$75 per share for the purpose set forth in this proceeding.

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

3. The effective date of this order is the date hereof.

Dated at Los Angeles, California, this 27th day of MARCH, 1965.

Fredrick B. Holbrook
President

John E. Mitchell

George T. Grover

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Commissioners