

ORIGINAL

Decision No. 70735

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of The Western Telephone Company for authority to issue 3,000 shares of Common Stock, \$25 Par Value)
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Application No. 48445
Filed May 2, 1966

O P I N I O N

The Western Telephone Company is a California corporation providing public utility telephone service generally throughout Trinity County and in portions of Humboldt and Mendocino Counties. In this proceeding the company proposes to issue and sell at book value not to exceed 3,000 shares of its \$25 par value common stock to Continental Telephone Corporation, which appears to be the owner of over 95 percent of its outstanding common shares.

The reported book value of applicant's common stock as of March 31, 1966 was \$51.64 per share, which for 3,000 shares would provide approximately \$150,000 to be used in financing part of the utility's construction program. The company estimates that \$1,700,000 will be spent on plant additions up to the year 1970.

According to the application, the company is negotiating for additional long-term borrowings through the Rural Electrification Administration in connection with its extensive construction projects. It appears that the stock sale contemplated herein is one of the requirements to be fulfilled in qualifying for such borrowings.

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 applicant 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 applicant 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 applicant'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. The Western Telephone Company, on or after the date hereof and on or before August 31, 1966, may issue and sell not to exceed 3,000 shares of its common stock for an aggregate consideration of not less than \$150,000 for the purpose specified in this proceeding.

2. The Western 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 San Francisco, California, this 24th day of MAY, 1966.

Frederick B. Hallock
 President

John S. [unclear]

George L. [unclear]

[unclear]

Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.