

ORIGINAL

Decision No. 72898

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of CALIFORNIA-OREGON TELEPHONE)
CO., a California corporation,)
for an order authorizing issue)
of common capital stock and)
related disposition thereof)
_____)

Application No. 49515
Filed July 3, 1967

O P I N I O N

This is an application for an order of the Commission authorizing California-Oregon Telephone Co. to issue 62 shares of its common stock in connection with the retirement of 1,000 shares of its preferred stock.

Applicant is a California corporation providing telephone service in portions of Modoc and Siskiyou Counties. The company reports that on May 31, 1959, United Telephone Company of the Northwest (applicant's parent corporation), an Oregon corporation, under its former name of Oregon Washington Telephone Company, became the owner of all of its outstanding shares of common and preferred stock.

The utility asserts that (1) on July 1, 1948, it issued all of its 1,000 shares of preferred stock pursuant to authority granted by Decision No. 40709, (2) the company has never paid a dividend upon such stock where the dividends are cumulative, (3) a call premium is required for redeeming the preferred stock and (4) retirement of the preferred stock by

means, in part, of exchanging 62 shares of its common stock will terminate further dividend accrual and retire the present obligation for payment of dividends on preferred stock.

By Decision No. 40709, dated September 16, 1947, in Application No. 28703, the Commission authorized applicant to issue its 1,000 shares of preferred stock. Such authority expired on December 31, 1947, which expiration date has not been extended. Section 825 of the Public Utilities Code reads as follows:

"All stock and every stock certificate or other evidence of interest or ownership, and every bond, note, or other evidence of indebtedness, of a public utility, issued without an order of the commission authorizing the issue thereof then in effect or not conforming in its provisions to any of the provisions which it is required by the order of authorization to contain, is void. No failure in any other respect to comply with the terms or conditions of the order of authorization of the commission shall render void any stock or stock certificate or other evidence of interest or ownership, or any bond, note, or other evidence of indebtedness, except as to a corporation or person taking it otherwise than in good faith and for value and without actual notice." (emphasis added)

The Commission has considered the above-entitled matter and finds that (a) applicant did not issue any of its preferred stock prior to the expiration date of the required authorization and (b) the proposed common stock issue is intended to facilitate the retirement of preferred stock.

On the basis of the foregoing findings we conclude that (a) applicant's preferred stock and preferred stock certificates are void and (b) the application should be denied. A public hearing is not necessary.

O R D E R

IT IS ORDERED that Application No. 49515 is hereby denied.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 15th-day of August, 1967.

President
William L. Bennett

Augusta

William L. Bennett

Paul P. Hennessey
Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.