

ORIGINAL

Decision No. 73394

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. 49773
Filed November 6, 1967

O P I N I O N

California-Oregon Telephone Co. requests authorization from the Commission to issue 6,800 shares of its \$25 par value common stock for distribution as a stock dividend to the holder of its common stock.

Applicant is a California corporation providing telephone service in portions of Modoc and Siskiyou Counties. The application shows that the utility's presently outstanding capital stock consists of 400 shares of \$25 par value common stock, all of which is owned and held by United Telephone Company of the Northwest, an Oregon corporation. According to the balance sheet, attached to the application as Exhibit B, applicant's earned surplus as of September 30, 1967, amounted to \$332,367.

In this proceeding the company proposes to issue 6,800 shares of its common stock as a stock dividend on the basis of seventeen shares for each share now issued and outstanding, and to transfer the sum of \$170,000 from earned surplus to its common stock account.

The Commission has considered this matter and finds that: (1) the proposed stock issue is for a proper purpose; (2) applicant's retained earnings from operations exceed the proposed common stock dividend to the extent that it may properly issue the stock dividend against such earnings; (3) 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 (4) 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. California-Oregon Telephone Co., on or after the date hereof and on or before March 31, 1968, may issue not exceeding 6,800 shares of its \$25 par value common capital stock, at par, in the manner and for the purpose set forth in the application.

2. California-Oregon Telephone Co. 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 28th day of NOVEMBER, 1967.

[Signature]
President

[Signature]

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Commissioners