

ORIGINAL

Decision No. 77881

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )	
ROSEVILLE TELEPHONE COMPANY, a )	
California corporation, for )	Application No. 52245
Authorization pursuant to California )	Filed October 14, 1970
Public Utilities Code Sections )	
816-830 to issue shares of its )	
Capital Stock. )	

O P I N I O N

Roseville Telephone Company requests an order of the Commission authorizing it to issue not exceeding 17,501 shares of its \$10 par value capital stock as a 5% stock dividend.

Applicant is a California corporation owning and operating a telephone system in the City of Roseville and vicinity. For the year 1969, the company reports operating revenues and net income of \$3,882,925 and \$578,049, respectively. The company's reported assets and liabilities at August 31, 1970, as summarized from Exhibit A, attached to the application, are as follows:

Assets

Fixed assets less reserves for depreciation	\$11,566,888
Current assets	1,328,158
Other assets	<u>121,136</u>
Total	<u>\$13,016,182</u>

Liabilities

Capital stock	\$ 3,500,380
Premium on capital stock	3,052,260
Retained earnings	1,007,555
Long-term debt	4,744,000
Other liabilities	<u>711,987</u>
Total	<u>\$13,016,182</u>

The utility's outstanding capital stock consists of 350,038 shares having a par value of \$10 each. The company proposes to issue not exceeding 17,501 additional shares of its capital stock as a dividend on the basis of one share for each twenty shares outstanding.

In lieu of fractional shares applicant proposes to pay cash. In this connection the application states the following:

"...Applicant is informed and believes, and therefore alleges that the present fair market value of one full share of its Capital Stock is \$40.00. If this value remains constant, the distribution which will be accomplished by payment of the 5% stock dividend will total \$700,076, and will be accomplished by crediting \$10 to the Capital Stock account and \$30.00 to the Premium on Capital Stock account for each share issued in payment of the 5% stock dividend, and by distributing in cash \$2.00 per share in lieu of fractional shares."

After consideration the Commission finds that:

1. The proposed stock issue is for a proper purpose.
2. Applicant's retained earnings from operations exceed the proposed 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, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing 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 it should be allowed to earn on its investment in plant, and that the authorization herein granted 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

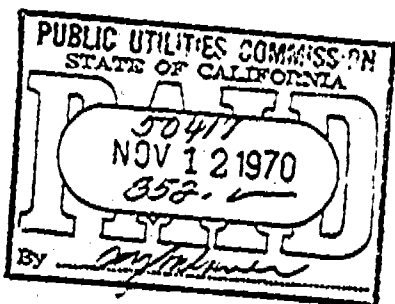
IT IS ORDERED that:

1. Roseville Telephone Company, in the manner and for the purpose set forth in this proceeding, may issue and distribute as a stock dividend not exceeding 17,501 shares of its \$10 par value capital stock.

2. Roseville 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. This order shall become effective when Roseville Telephone Company has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$352.

Dated at San Francisco, California,  
this 4th day of NOVEMBER, 1970.



[Signature]  
Chairman  
[Signature]  
William J. [Signature]  
[Signature]  
[Signature]  
Commissioners