

Decision No. 81424**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of ROSEVILLE TELEPHONE COMPANY,)
 a California corporation, for)
 Authorization pursuant to)
 California Public Utilities Code)
 Sections 816-830 to issue shares)
 of its Capital Stock.)

Application No. 54013
 (Filed May 9, 1973)

O P I N I O N

Roseville Telephone Company seeks authority to issue not exceeding 18,336 shares of its \$10 par value capital stock as a 5% stock dividend.

Applicant is a California corporation furnishing local and long distance telephone service in the City of Roseville and vicinity. For the year 1972 it reports total operating revenues and net income in the respective amounts of \$5,215,147 and \$785,264. The company's reported assets and liabilities at March 31, 1973, as summarized from Exhibit A-2, attached to the application, are as follows:

Assets

Fixed assets, less reserves for depreciation	\$14,776,397
Other assets	<u>1,451,246</u>
Total	<u>\$16,227,643</u>

Liabilities

Capital stock	\$ 3,667,350
Premium on capital stock	3,553,170
Retained earnings	1,057,645
Long-term debt	6,486,000
Other liabilities	<u>1,463,478</u>
Total	<u>\$16,227,643</u>

The utility's outstanding capital stock consists of 366,735 shares having a par value of \$10 each, and it proposes to issue not exceeding 18,336 additional shares as a dividend on the basis of one share for each twenty shares outstanding. Shareholders would receive cash in lieu of fractional shares. In this connection the application states the following:

"... Applicant has determined that the fair market value of one full share of its Capital Stock is \$40.00. Accordingly, the distribution which will be accomplished by payment of the 5% stock dividend will total \$733,470.00 and will be accomplished by crediting \$10.00 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 cash on an equivalent basis 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

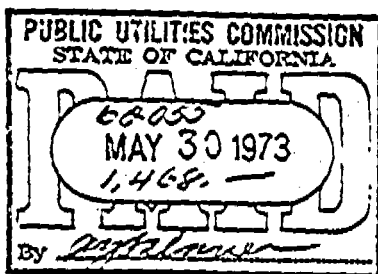
not to be construed as a finding of the value of the company's stock or properties, nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Roseville Telephone Company, on or after the effective date hereof and on or before September 30, 1973, may issue and distribute as a stock dividend not exceeding 13,336 shares of its \$10 par value capital stock in the manner and for the purpose set forth in this proceeding.
2. Roseville Telephone Company shall file with the Commission the report 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 \$1,462.

Dated at San Francisco, California, this 30th day of May, 1973.



Vernon L. Sturges
President
William J. ...
...
...
Commissioners