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Decision No. 81981

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)
100,000 shares of its Capital)
Stock.)

Application No. 54337
(Filed September 20, 1973)

O P I N I O N

Roseville Telephone Company seeks authority to issue and sell 100,000 shares of its \$5 par value common stock at a price of \$20 per share.

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 proposes to offer and to issue and sell 100,000 shares of its \$5 par value common stock to residents of the State of California, including its present stockholders and residents of its service area and neighboring areas, at a price of \$20 per share. Applicant reports a current market price of \$20 per share for its common stock.

The utility proposes to tender the stock proceeds to Bank of America National Trust and Savings Association for repayment of previously authorized bank borrowings, as required

by the Loan Agreement with said bank. To the extent that applicant is not compelled to apply the proceeds to the repayment of its bank borrowings, the same would be applied to the purchase of additional central office equipment and outside plant, the need for which is due to the rapidly increasing demand for telephone service in its service area.

The company's capital ratios at July 31, 1973, and as adjusted to give effect to the proposed stock issue, as summarized from Exhibit E, attached to the application, are as follows:

	<u>July 31, 1973</u>	<u>Pro forma</u>
Long-term debt	55.23%	49.96%
Common stock equity	<u>44.77</u>	<u>50.04</u>
Total	<u>100.00%</u>	<u>100.00%</u>

After consideration the Commission finds that:

1. The proposed stock issue would be for proper purposes.
2. Applicant has need for external funds for the purposes set forth in this proceeding.
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 purposes specified herein, which purposes are 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

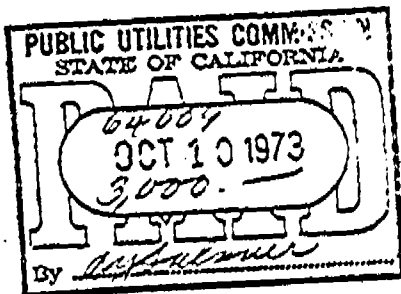
dividends paid as measuring the return it should be allowed to earn on its investment in plant, and that the authorization herein granted is not to be construed as a finding of the value of the company's stock or properties, nor as indicative of amounts to be included in proceedings for the determination 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 December 31, 1974, may issue and sell not exceeding 100,000 shares of its \$5 par value common stock at a price of \$20 per share in the manner and for the purposes set forth in this proceeding.
2. Roseville Telephone Company shall file with the Commission the reports 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 \$3,000.

Dated at San Francisco, California, this 10th day of October, 1973.



President
William S. Swann Jr.

[Signature]

[Signature]

Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.