

Decision 84 11 114

NOV 21 1984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 ROSEVILLE TELEPHONE COMPANY for)
 Authorization pursuant to Public)
 Utilities Code Sections 816-830 to)
 Issue Certificates Evidencing Not)
 More Than 375,427 Shares of Its)
 Capital Stock.)

Application 84-10-023
(Filed October 5, 1984)

O P I N I O N

Roseville Telephone Company (Roseville) requests authority, under Public Utilities (PU) Code Sections 816 through 830, to issue stock certificates evidencing up to 375,427 shares of the utility's common stock in payment of a 5% stock dividend to its stockholders of record at the close of business on December 1, 1984.

Summary of Decision

This decision grants Roseville the authority requested in the application.

Notice of the filing of the application appeared on the Commission's Daily Calendar of October 11, 1984. No protests have been received.

Roseville, a California corporation, operates as a public utility under the jurisdiction of this Commission. The utility provides local and long-distance service in the City of Roseville and contiguous areas in that vicinity.

For the calendar year 1983, Roseville reported total operating revenues of \$33,542,000 and net income of \$6,053,000, as shown in its Consolidated Income Statement, attached as a part of Exhibit B-1 to the application. Also, for the 8-month period ending August 31, 1984, Roseville reported total operating revenues of \$23,124,000 and net income of \$4,491,000, as shown in its Income Statement, attached as a part of Exhibit B-2 to the application.

Roseville's Balance Sheet as of August 31, 1984, attached as a part of Exhibit B-2 to the application, is summarized as follows:

<u>Assets</u>	<u>Amount</u>
Net Telephone Plant	\$ 63,321,667
Investments-Affiliated Companies	2,500
Current Assets	12,470,626
Other Assets and Deferred Charges	<u>2,250,568</u>
Total	\$ 78,045,361
 <u>Liabilities and Equity</u>	
Common Stock Equity	\$ 45,097,430
Long-Term Debt	13,300,000
Current and Accrued Liabilities	7,960,975
Reserves and Deferred Credits	<u>11,686,956</u>
Total	\$ 78,045,361

As of August 31, 1984, Roseville's capital stock consisted of 20,000,000 authorized shares of Common Stock, without par value, of which 7,508,543 shares were issued and outstanding. No other shares are expected to be issued through November 30, 1984.

Roseville proposes to issue up to 375,427 shares of its authorized but unissued common stock in payment of a 5% stock dividend on its 7,508,543 shares issued and outstanding as of December 1, 1984. Each shareholder will receive one share for each 20 shares he holds as of December 1, 1984, and the shareholder will receive cash on an equivalent basis in place of fractional shares. On September 26, 1984, Roseville's Board of Directors determined that these shares will have an estimated fair market value of \$10 per share as of December 15, 1984. The \$10 fair market value of Roseville's common stock, as determined by the utility's Board of Directors, reflects the two-for-one stock split authorized by Commission Decision (D.) 83-03-007 dated July 20, 1983 in Application (A.) 83-05-057.

Roseville estimates that a 5% stock dividend will result in a transfer of \$3,754,270 from the retained earnings account to the capital stock account. These amounts will be recorded in the accounting records of Roseville.

Roseville's capital ratios as recorded and adjusted as of August 31, 1984, to give pro forma effect to the proposed distribution of 375,427 shares of common stock as a stock dividend at \$10 per share or \$3,754,270 result in no change in the capital ratios. The long-term debt ratio is 22.8% and the common stock equity ratio is 77.2%.

The Commission's Evaluation and Compliance Division has reviewed the application and has no objection to Roseville's distribution of 375,427 shares of common stock, as a 5% stock dividend on its issued and outstanding shares.

Findings of Fact

1. Roseville, a California corporation, operates as a public utility under the jurisdiction of this Commission.
2. The proposed 5% stock dividend would be for proper purposes and would not be adverse to the public interest.
3. There is no known opposition and there is no reason to delay granting the authority requested in the application.

Conclusions of Law

1. A public hearing is not necessary.
2. The application should be granted to the extent set forth in the order which follows.

In issuing our order, we place Roseville and its stockholders on notice that the number of shares outstanding, the total book value of these shares, and the dividends paid do not determine allowable return on plant investment. This authorization is not a finding of the value of Roseville's stock or property nor does it indicate the amounts to be included in ratesetting proceedings.

The following order should be effective on the date of signature and payment of the fee set by PU Code Section 1904.1, to enable Roseville to proceed with the issuance of its 5% stock dividend expeditiously.

O R D E R

IT IS ORDERED that:

1. Roseville Telephone Company (Roseville), on or after the effective date of this order, may issue certificates evidencing up to 375,427 shares of its Common Stock, without par value, in payment of a 5% stock dividend.
2. Roseville shall file the reports required by General Order Series 24.

3. The application is granted as set forth above.
4. The authority granted by this order to issue common stock will become effective when Roseville pays \$4,755, the fee set by PU Code Section 1904.1. In all other respects, this order is effective today.

Dated NOV 21 1984, at San Francisco, California.

PRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners

Commissioner Victor Calvo,
being necessarily absent, did
not participate

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS

Joseph E. Bodovitz, Director

