

CACD/BVC

Decision 90 10 029 OCT 12 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
ROSEVILLE TELEPHONE COMPANY (U 1015 C) )  
for Authorization Pursuant to Public )  
Utilities Code Sections 816-830 to Issue )  
Certificates Evidencing Not More Than )  
551,918 Shares of Its Capital Stock )

**ORIGINAL**  
Application 90-08-018  
(Filed August 7, 1990)

O P I N I O N

Summary of Decision

This decision grants Roseville Telephone Company (Roseville) the authority requested in the application.

Roseville requests authority, under Public Utilities Code (PU Code) Sections 816 through 830, to issue stock certificates evidencing up to 551,918 shares of Roseville's common stock in payment of a 5% stock dividend to the stockholders of record at the close of business on December 1, 1990.

Notice of the filing of the application appeared on the Commission's Daily Calendar of August 20, 1990. No protests have been received.

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

For the calendar year 1989, Roseville reported total operating revenues of \$61,293,000 and net income of \$14,740,000 as shown in its Consolidated Income Statement attached as a part of Exhibit A-1 to the application.

Roseville's Balance Sheet as of June 30, 1990 also attached as part of Exhibit A-2 is summarized as follows:

<u>Assets</u>	<u>Amount</u>
Net Telephone Plant	\$111,220,792
Investments-Affiliated Companies	8,184,320
Current Assets	24,309,247
Other Assets and Deferred Charges	<u>1,042,787</u>
Total	\$144,757,146

<u>Liabilities and Equity</u>	<u>Amount</u>
Common Equity	\$ 95,634,362
Long-Term Debt	6,520,000
Current and Accrued Liabilities	25,787,737
Other Liab. & Def. Credits	<u>16,815,047</u>
Total	\$144,757,146

As of July 31, 1990, Roseville's capital stock consisted of 20,000,000 authorized shares of common stock, without par value, of which 11,038,362 shares were issued and outstanding. No other shares are expected to be issued through November 30, 1990.

Roseville proposes to issue up to 551,918 shares of its authorized but unissued common stock in payment of a 5% stock dividend on its 11,038,362 shares issued and outstanding as of December 1, 1990. Each shareholder will receive one share for each 20 shares such shareholder holds as of December 1, 1990, and the shareholder will receive cash on an equivalent basis in place of fractional shares. On July 31, 1990, Roseville's board of directors determined that these shares will have an estimated fair market value of \$15 per share as of December 15, 1990. The \$15 fair market value of Roseville's common stock, as determined by the board of directors, reflects recent known sales of Roseville's shares.

Roseville estimates that a 5% stock dividend will result in a transfer of \$8,278,770 from the retained earnings account to the capital stock account. These amounts will be recorded in the accounting records of Roseville.

Capital Ratios

Roseville's capital ratios as recorded and adjusted as of June 30, 1990 to give *pro forma* effect to the proposed distribution of 551,918 shares of common stock as a stock dividend at \$15 per share or \$8,278,770 results in no change in the capital ratios. The long-term debt ratio is 6.38% and the common equity ratio is 93.62%.

The Commission Advisory and Compliance Division has reviewed the application and has no objection to Roseville's distribution of 551,918 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 issuance of the proposed common stock certificates evidencing a 5% stock dividend on the issued and outstanding common stock as of December 1, 1990 would be for a proper purpose and would not be adverse to the public interest.
3. There is no known opposition to the proceeding and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.
2. The authority requested in the application shall 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 we do not regard the number of shares outstanding, the total book value of these shares or the dividends paid as measuring the return Roseville should be

permitted to earn on its investment in plant. This authorization is not to be construed as a finding of the value of Roseville's stock or properties nor as indicative of the amounts to be included in proceedings for the determination of just and reasonable rates.

The following order shall 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.

ORDER

IT IS ORDERED that:

1. Roseville Telephone Company (Roseville), on or after the effective date of this order, may issue stock certificates evidencing up to 551,918 shares of its common stock, without par value, in payment of a 5% stock dividend to stockholders of record as of December 1, 1990.

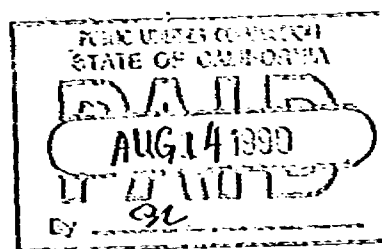
2. Roseville shall file the reports required by General Order Series 24.

3. The application is granted as set forth above.

The authority granted by this order to issue common stock will become effective when Roseville pays \$9,279, the fee set forth by Public Utilities Code Section 1904.1. In all other respects, this order is effective today.

Dated OCT 12 1990, at San Francisco, California.

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
JOHN B. OHANIAN  
PATRICIA M. ECKERT  
Commissioners



Rec. # 33860  
\$ 9,279<sup>00</sup>

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY

*Neal J. Saulman*  
NEAL J. SAULMAN, Executive Director  
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