

CACD/RAX

Decision 91 12 016 DEC 04 1991

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)
579,300 Shares of Its Capital Stock)

ORIGINAL
Application 91-08-042
(Filed August 21, 1991)

OPINION

Summary of Decision

This decision grants Roseville Telephone Company (Roseville) the authority requested in Application 91-08-042 (Application).

Roseville requests authority under Public Utilities (PU) Code §§816-830 and §851 to issue stock certificates evidencing up to 579,300 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, 1991.

Notice of the filing of the Application appeared on the Commission's Daily Calendar of August 29, 1991. 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.

For the calendar year 1990, Roseville reported that it generated total operating revenues of \$73,629,000 and net income of \$16,830,000 as shown in Exhibit A-1 of the Application.

Also shown as a part of Exhibit A-1 is Roseville's consolidated balance sheet as of June 30, 1991, summarized as follows:

<u>Assets</u>	<u>Amount</u>
Net Telephone Plant	\$128,042,000
Investments-Affiliated Companies	10,582,000
Current Assets	12,106,000
Other Assets and Deferred Charges	<u>605,000</u>
Total	\$151,335,000
<u>Liabilities and Equity</u>	<u>Amount</u>
Common Equity	\$106,963,000
Long-Term Debt	4,975,000
Current and Accrued Liabilities	21,692,000
Other Liabilities/Deferred Credits	<u>17,705,000</u>
Total	\$151,335,000

As of July 31, 1991, Roseville's capital stock consisted of 20,000,000 authorized shares of common stock, without par value, of which 11,586,000 shares were issued and outstanding. No other shares are expected to be issued prior to the date of this decision.

Proposed Financing

Roseville proposes to issue up to 579,300 shares of its authorized but unissued common stock in payment of a 5% stock dividend on its 11,586,000 shares issued and outstanding as of December 1, 1991. Each shareholder will receive one share for each 20 shares such shareholder holds as of December 1, 1991, and the shareholder will receive cash on an equivalent basis in place of fractional shares. On July 31, 1991, Roseville's board of directors determined that these shares will have an estimated fair market value of \$20 per share as of December 15, 1991. The \$20 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 \$11,586,000 from the retained earnings account to the capital stock account. These amounts will be recorded in the accounting records of Roseville.

Capitalization Ratios

Roseville's capital ratios, recorded as of June 30, 1991 to give pro forma effect to the proposed distribution of 579,300 shares of common stock as a stock dividend at \$20 per share or \$11,586,000 results in no change in the capital ratios. The long-term debt ratio is 4.44% and the common equity ratio is 95.56%.

The Commission Advisory and Compliance Division has reviewed the application and has no objection to Roseville's distribution of 579,300 shares of common stock as a 5% stock dividend on its issued and outstanding shares.

Roseville is placed on notice, by this decision, that the Commission does not find that the number of shares outstanding, the total book value of these shares or the dividends paid are an appropriate measure of 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.

Findings of Fact

1. Roseville, a California corporation, operates as a public utility subject to 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, 1991, would be for a proper purpose and would not be adverse to the public interest.

3. The Commission does not, by this decision, find that the number of shares outstanding, the total book value of these shares or the dividends paid are an appropriate measure of 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.

4. There is no known opposition and there is no reason to delay granting the authority requested.

5. Roseville has paid the fee set by PU Code §1904.1.

Conclusions of Law

1. A public hearing is not necessary.

2. The authority requested in the application should be granted to the extent set forth in the order which follows.

3. The following order should be effective on the date of signature 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 579,300 shares of its common stock, without par value, in payment of a 5% stock dividend to stockholders of record as of December 1, 1991.

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

3. The Application is granted as set forth above.

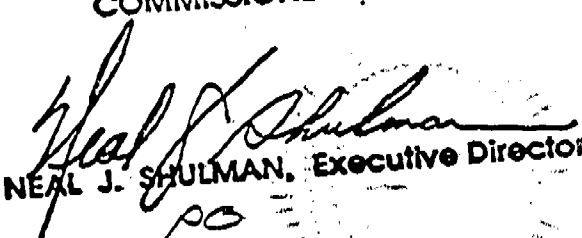
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The authority granted by this order to issue common stock will become effective today as Roseville has previously paid \$11,293.00, the fee set forth by Public Utilities Code §1904.1. In all other respects, this order is effective today.

Dated DEC 04 1991, at San Francisco, California.

PATRICIA M. ECKERT
President
JOHN B. OHANIAN
DANIEL Wm. FESSLER
NORMAN F. SHUMWAY
Commissioners

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


NEAL J. SHULMAN, Executive Director