

Decision 83 11 011 NOV 2 - 1983

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 357,689 Shares of Its)
Capital Stock.)

Application 83-09-74
(Filed September 27, 1983)

O P I N I O N

Roseville Telephone Company (Roseville Telephone) requests authority, under Public Utilities (PU) Code Sections 816 through 830, to issue stock certificates evidencing up to 357,689 shares of its common stock in payment of a 5% stock dividend to its stockholders of record at the close of business on December 1, 1983.

Summary of Decision

This decision grants Roseville Telephone the authority requested in its application.

Notice of the filing of the application appeared on the Commission's Daily Calendar of September 30, 1983. No protests have been received.

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

For calendar year 1982, Roseville Telephone reported it generated total operating revenues of \$30,375,434 and net income of \$4,323,133 as shown in its 1982 Annual Report to the Commission. For the 8-month period ending August 31, 1983, Roseville Telephone reports in the application as part of Exhibit B-2 that it generated total operating revenues of \$22,315,268 and net income of \$4,165,872.

Also shown as part of Exhibit B-2 is Roseville Telephone's Balance Sheet as of August 31, 1983 summarized as follows:

<u>Assets</u>	<u>Amount</u>
Net Telephone Plant	\$63,179,719
Investments - Affiliated Companies	2,500
Current Assets	8,398,866
Deferred Charges	<u>665,462</u>
Total	\$72,246,547
<u>Liabilities and Equity</u>	
Common Equity	\$41,715,642
Long-Term Debt	14,530,000
Current and Accrued Liabilities	5,836,408
Reserves and Deferred Credits	<u>10,164,497</u>
Total	\$72,246,547

As of September 15, 1983, Roseville Telephone's capital stock consisted of 20,000,000 authorized shares of Common Stock, without par value, of which 7,153,784 shares were issued and outstanding. No other shares are expected to be issued through November 30, 1983.

In this application, Roseville Telephone proposes to issue up to 357,689 shares of its authorized but unissued common stock in payment of a 5% stock dividend on its 7,153,784 shares issued and outstanding as of December 1, 1983. Each shareholder will receive one share for each 20 shares he holds as of December 1, 1983 and will receive cash on an equivalent basis in place of fractional shares. The board of directors determined on September 7, 1983 that these shares will have an estimated fair market value of \$10 as of December 15, 1983. The \$10 fair market value of Roseville Telephone's common stock, as determined by its board of directors, reflects the two-for-one stock split authorized by Decision 83-03-007 dated July 20, 1983 in Application 83-05-57.

Roseville Telephone estimates that a 5% stock dividend will result in a transfer of \$3,576,890 from the retained earnings account to the capital stock account. These amounts will be recorded in the accounting records of Roseville Telephone.

Roseville Telephone's capital ratios as recorded and adjusted as of August 31, 1983 to give pro forma effect to the proposed distribution of 357,687 shares of common stock as a stock dividend at \$10 per share or \$3,576,890 results in no change in the capital ratios. Long-Term Debt is 25.8% compared to 74.2% for common equity. This is because the transfer takes place between the retained earnings account and the capital account within the common equity section of the Balance Sheet.

The Commission's Revenue Requirements and Communications Divisions have reviewed the application and have no objection to Roseville Telephone's distribution of 357,689 shares of Common Stock as a 5% stock dividend on its issued and outstanding shares.

Findings of Fact

1. Roseville Telephone, a California corporation, operates as a public utility under the jurisdiction of this Commission.

2. The proposed 5% stock dividend would be for a proper purpose and the money, property, or labor to be procured or paid for by the proposed issuance of common stock is reasonably required for the purpose specified in the application.

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

In issuing our order, we place Roseville Telephone 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 Telephone 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 Telephone'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 should be effective on the date of signature and payment of the fee set by PU Code Section 1904.1 to enable Roseville Telephone to proceed with the issuance of its 5% stock dividend expeditiously.

O R D E R

IT IS ORDERED that:

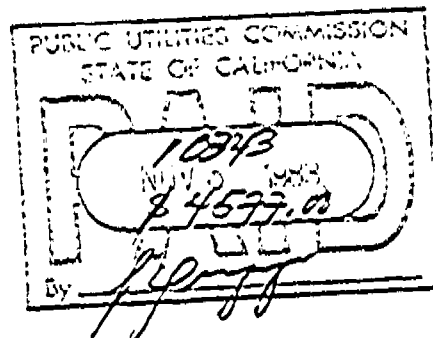
1. Roseville Telephone Company (Roseville Telephone), on or after the effective dates of this order, may issue certificates evidencing up to 357,689 shares of its Common Stock, without par value, in payment of a 5% stock dividend.
2. Roseville Telephone shall file the reports required by General Order Series 24.

3. The authority granted by this order to issue common stock will become effective when Roseville Telephone pays \$4,577, the fee set by PU Code Section 1904.1. In all other respects, this order becomes effective 30 days from today.

Dated NOV 2 1983 at San Francisco, California.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. CREW
WILLIAM T. BAGLEY
Commissioners

Commissioner Donald Tial, being necessarily absent, did not participate.



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

Joseph E. Bodovitz
Joseph E. Bodovitz, Executive Director