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Decision No. 90880 OCT 10 1979

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of  
 KERMAN TELEPHONE CO.,  
 a California Corporation,  
 for authority to issue Common Stock  
 Dividends from Surplus

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 Application No. 58934  
 (Filed June 13, 1979)  
 and Amendment  
 (Filed August 16, 1979)

O P I N I O N

Kerman Telephone Co. (Kerman) requests authority to  
 (a) split up, convert and exchange its outstanding \$35 par value  
 common stock consisting of 6,055 shares into 21,192.5 shares of no  
 par value common stock, and (b) to issue an additional 63,577.5  
 shares of its no par value common stock as a stock dividend.

Authority is sought pursuant to Sections 817 and 818 of  
 the Public Utilities Code. Notice of the filing of the application  
 appeared on the Commission's Daily Calendar of June 14, 1979.

Kerman is a California corporation having its principal  
 place of business in the City of Kerman, County of Fresno, it owns and  
 operates telephone systems serving a portion of Fresno County including  
 the City of Kerman, the town of Biola and surrounding territory.

Exhibit "B", attached to the application, indicates that,  
 for the year 1978, Kerman generated operating revenues of \$355,428.52  
 and net income of \$130,725.18. The company's financial position at  
 December 31, 1978 is summarized as follows:

<u>Assets</u>	<u>Amount</u>
Current assets	\$ 305,666
Investment in telephone plant, less accumulated depreciation	1,856,360
Other assets	<u>21,262</u>
Total	<u>\$2,183,288</u>

<u>Liabilities and Capital</u>	
Current liabilities	\$ 160,757
Long-term obligations	937,500
Stockholders' equity	<u>1,085,031</u>
Total	<u>\$2,183,288</u>

Kerman proposes to change its common stock from \$35 par to no par and to split the 6,055 outstanding common shares at a ratio of 3.5 for 1, pursuant to the Restated Articles of Incorporation (a copy is attached to the application as Exhibit "D") filed with the California Secretary of State's office June 5, 1979. The proposed split will increase the number of common shares outstanding from 6,055 to 21,192.5 as reflected on page 1 of Exhibit "C" attached to the application. The proposed split will be accomplished by collecting and canceling all outstanding common share certificates and reissuing certificates stating the greater number of shares held by the stockholders as a result of the split. This collecting, canceling and reissuing of certificates shall be accomplished within 30 days after the order of the Commission granting the authority to issue such certificates is received.

#### Findings of Fact

1. Kerman is a telephone utility under the jurisdiction of the Commission.
2. The proposed issuance of common stock 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.

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 herein, we place Kerman 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. Kerman Telephone Co., on or after the effective date hereof and on or before December 31, 1980, may issue and distribute not exceeding 21,192.5 shares of its no par value common stock in exchange for its outstanding \$35 par value capital stock of 6,055 shares to effect a 3.5 for 1 stock split in the manner set forth in this proceeding.
2. Kerman Telephone Co., on or after the effective date hereof and on or before December 31, 1980, may issue, as a stock dividend, an additional 63,577.5 shares of its no par value common stock in the manner set forth in this proceeding.
3. Kerman Telephone Co. shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

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4. This order shall become effective when Kerman Telephone Co. has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$1,380.

Dated OCT 10 1979, at San Francisco, California.

Commissioner Claire E. Dodrick, being necessarily absent, did not participate in the disposition of this proceeding.

*John E. Bryan*  
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President

*James J. Stegeman*  
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*Richard C. Swall*  
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*Lawrence W. Gentry*  
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Commissioners

