

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of  
Hooper Telephone Company, Hooper,  
Nebraska, for authority to issue  
additional shares of common stock.

Application No. C-294

GRANTED

Entered: December 28, 1982

APPEARANCES: For the applicant  
Jack L. Shultz and  
Brian K. Ridenour, both Attorneys  
P.O. Box 82028  
Lincoln, Nebraska

OPINION AND FINDINGS

BY THE COMMISSION:

By its application filed August 23, 1982, the Hooper Telephone Company, Hooper, Nebraska seeks Commission approval (1) to amend its Articles of Incorporation so as to authorize and additional Eighteen Thousand (18,000) shares of common stock, (2) authority to issue an additional Twelve Thousand (12,000) shares of common stock and (3) to delete authorization to issue any preferred capital stock.

Notice of the filing of the application was published pursuant to the provisions of the Commission's Rules and Regulations in the Daily Record on August 27, 1982. Protests to the application were filed on behalf of F. W. Daubendiek, Lina S. Daubendiek, and Frita L. Hotopp.

Pursuant to notice required by law, public hearing was held on the application on November 19, 1982 at 9:30 a.m. in the Commission Hearing Room, 301 Centennial Mall South, Lincoln, Nebraska with appearances as set forth above. The application was unopposed at hearing, as no protestants appeared in opposition.

Upon consideration of the application, the evidence adduced at the hearing and being fully advised, the Commission is of the opinion and finds:

1. Applicant is a corporation organized and existing in good standing under the laws of the State of Nebraska with its principal place of business at Hooper, Nebraska. It is engaged in the telephone business as a common carrier maintaining approximately 1,148 main stations and 1,912 total stations.

2. The company's present authorized capitalization is 6,000 shares of common stock and 2,000 shares of preferred stock. There are 5,980.5 shares of common stock presently outstanding and no preferred stock has been issued. This application seeks to change the authorized capital to 24,000 shares of common stock and to delete any authorized shares of preferred stock.

3. The applicant has adopted revised Articles of Incorporation authorizing the requested change in capitalization which will be filed with the Secretary of State subsequent to Commission approval of this application. A copy of the revised Articles was offered in evidence as Exhibit No. 6. The company's By-laws were likewise updated (Exhibit No. 7). A Certified Resolution of the Board of Directors (Exhibit No. 8) and Certified Resolution of the company stockholders (Exhibit No. 9) were offered and accepted in evidence. A certified proof of publication of the proposed change in authorized capital had appeared in The Hooper Sentinel on August 12, 1982 and August 19, 1982 (Exhibit No. 10), both publications being in excess of 60 days prior to the date of the oral hearing.

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

Application No. C-294

Page two

4. Applicant offered a specimen stock certificate (Exhibit No. 11) and a balance sheet of the company as of September 30, 1982, (Exhibit No. 12) evidencing total stockholders equity and liabilities of \$975,609. Also introduced was a company balance sheet as of September 30, 1982, which gave effect to the proposed recapitalization and stock issuance (Exhibit No. 13). The balance sheets demonstrated that more than adequate surplus exists for the purpose of transferring the newly issued shares to paid in capital from the company's surplus account. Exhibit No. 14 was the company's income statement as of September 30, 1982.

5. Exhibit No. 15 was the analysis of prior years plant expenditures. Plant expenditures from 1968 through 1981 totaled \$953,104. Substantially all of such plant expenditures were financed through application of the applicant's retained earnings.

6. The applicant introduced a First Mortgage and Deed of Trust, dated September 1, 1950 and Supplements thereto (Exhibit No. 16). The applicant's witness, Mr. Floyd Anderson, testified that he was unable to locate any restrictions in Exhibit No. 16 which prohibited the proposed recapitalization. Written notice to the trustee of the subject First Mortgage and Deed of Trust was provided. The trustee, First Northwestern Trust of Nebraska, has by letter to the company indicated that it has no objection to the subject stock issue (Exhibit No. 17). A late filed Exhibit No. 18, an opinion of applicant's counsel, stated that the First Mortgage and Deed of trust and Supplements thereto, did not in any way prohibit the action contemplated by this application. Mr. Anderson further testified that the company had in 1967 sought and obtained approval from the Commission and declared a stock dividend at that time of two shares of common stock for each share of common stock outstanding.

7. It is not apparent how the proposed action would have any impact whatsoever on minority shareholders any different than that which is imposed on the majority shareholder. All minority shareholders will retain exactly the same percentage interest in the company and the same percentage of any cash dividends subsequently declared. Moreover, there has been no showing that the proposed actions will in any fashion jeopardize the interests of the applicant's bondholders.

8. The proposed action will result in a more permanent capitalization of the applicant. The evidence indicates that the proposed common stock authorization and issuance is in the interest of the company as well as the general public and specifically the subscribers of the applicant company.

ORDER

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-294 be and it is hereby granted and the Hooper Telephone Company be and it is hereby authorized to increase its authorized capital by 18,000 shares of common stock, to issue 12,000 shares of common stock and to delete its authority to issue preferred stock.

MADE AND ENTERED at Lincoln, Nebraska this 28th day of December, 1982.

NEBRASKA PUBLIC SERVICE COMMISSION

*Harold D. Simpson*  
Chairman

ATTEST:

COMMISSIONERS CONCURRING:

*Terence L. Kutnick*

Executive Secretary