

Decision No. 14133

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
 HOME TELEPHONE AND TELEGRAPH COMPANY)
 OF PASADENA, a corporation, for an)
 order authorizing the issuance of)
 common capital stock of the par value)
 of \$3,000,000.00.)

Application Number 10252

Pillsbury, Madison and Sutro,
 by H. D. Pillsbury, for Applicant.

BY THE COMMISSION :

OPINION

Home Telephone and Telegraph Company of Pasadena asks the Railroad Commission to make an order authorizing it to issue and sell at not less than \$90. per share, 30,000 shares (\$3,000,000. par value) of its common capital stock and use the proceeds to pay indebtedness.

The Home Telephone and Telegraph Company of Pasadena was organized on or about June 29, 1903. The company has an authorized stock issue of \$5,000,000. divided into 50,000 shares of the par value of \$100. each. As of May 31, 1924 stock in the amount of \$519,000. is reported as outstanding. The company has outstanding bonds in the amount of \$471,500. As of May 31, 1924 it owed The Pacific Telephone and Telegraph Company (advances from system corporations) the amount of \$2,807,472.16. It was also indebted to the Pasadena branch of the Pacific Southwest Trust and Savings Bankⁱⁿ the sum of \$19,500.00. The amount of other liabilities appears in the following balance sheet :-

A S S E T S

Intangible capital	\$210,725.00
Right of way	19,100.01
Land and buildings	275,863.32
Central office equipment	648,251.56
Station equipment	451,690.41
Exchange lines	1,956,460.05
Interest during construction	6,478.80
General equipment	33,994.71

Total fixed capital \$3,602,563.86

Construction work in progress 126,590.89

Total permanent and long term
investments 3,729,154.75

Cash	11,690.81
Accounts receivable	42,720.99
Materials and supplies	51,183.21
Prepayments	4,817.67
Other deferred debits	6,021.07

Total assets \$3,845,588.50

L I A B I L I T I E S

Capital stock, common	\$ 519,000.00
Funded debt	471,500.00
Advances from system corporations	2,807,472.16
Bills payable	19,500.00
Accounts payable	131,306.69
Accrued liabilities not due	89,557.48
Liability for employees' benefit fund	11,819.64
Other deferred credit items	5,503.39
Reserve for accrued depreciation	402,839.99
Reserve for amortization of intangible capital	674.00
Deficit	613,584.85

Total liabilities \$3,845,588.50

The \$131,306.69 of accounts payable includes \$41,684.99 due The Pacific Telephone and Telegraph Company; \$18,759.10 due the Southern California Telephone Company; \$3,329.37 due the United States Long Distance Telephone and Telegraph Company; and

\$38,332.59 due the Western Electric Company, making a total of \$102,106.05 of accounts payable to system corporations.

In its Exhibit No. 1, applicant reports ^{the} cost of gross additions to plant and equipment from October 1, 1912 to May 31, 1924 at \$3,348,960.74. From this amount is deducted \$741,270.63 representing salvage, interest during construction and gross wire gain, leaving net expenditures of \$2,607,690.11. The expenditures are segregated in Applicant's Exhibit No. 1 as follows:-

GROSS ADDITIONS TO PLANT AND EQUIPMENT:

Right of way, exchange	\$1,581.25
Land	152,976.57
Buildings	54,958.99
Central office telephone equipment	486,167.73
Other equipment of central offices	30,320.94
Station apparatus	490,404.81
Station installations	251,916.90
Interior block wires	11,477.41
Private branch exchanges	115,567.44
Booths and special fittings	4,370.27
Exchange pole lines	210,144.04
Exchange aerial cable	355,900.15
Exchange aerial wire	335,316.39
Exchange underground conduit	162,331.73
Exchange underground cable	457,987.30
Interest during construction	6,513.53
Construction work in progress	126,590.89
Total plant	<u>\$3,254,526.34</u>
Office furniture and fixtures	15,529.64
General shop equipment	438.78
General store equipment	2,719.86
General stable and garage equipment	33,986.72
General tools and implements	41,759.40
Total general equipment	<u>94,434.40</u>
Total plant and equipment	<u>\$3,348,960.74</u>

LESS:

Gross wire gain	191,385.45
Interest during construction	6,513.53
Salvage	543,371.65
Total deductions	<u>\$741,270.63</u>
Net expenditures	<u>\$2,607,690.11</u>

By referring to the balance sheet it will be noted that on May 31, 1924 applicant had materials and supplies on hand in the

amount of \$51,183.21, accounts receivable amounting to \$42,720.99 and cash in the amount of \$11,690.81. None of these items are included in Applicant's Exhibit No. 1.

Applicant asks permission to use the proceeds derived from the issue and sale of its \$3,000,000.00 of stock to pay indebtedness incurred in the construction, completion, extension and improvement of its facilities prior to May 31, 1924. If the company's stock is sold at \$90. it will realize from such sale \$2,700,000.00 which amount will be applied to the payment of indebtedness.

The Pacific Telephone and Telegraph Company asks permission to purchase the stock of the Home Telephone and Telegraph Company of Pasadena.

O R D E R

Home Telephone and Telegraph Company of Pasadena, having applied to the Railroad Commission for permission to issue \$3,000,000.00 par value of its common capital stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required by applicant and that this application should be granted as herein provided,

IT IS HEREBY ORDERED as follows :-

1. The Home Telephone and Telegraph Company of Pasadena may issue and sell on or before February 1, 1925 at not less than \$90. per share, 30,000 shares (\$3,000,000. par value) of its common capital stock and use the proceeds to pay indebtedness incurred for the construction, completion, extension and improvement of its facilities, referred to in this application.
2. The Pacific Telephone and Telegraph Company may purchase and hold the \$3,000,000.00 of stock or any part thereof which the Home Telephone and Telegraph

Company of Pasadena is permitted to issue.

3. Home Telephone and Telegraph Company of Pasadena shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th. day of each month a verified report, as required by the Railroad Commission's General Order Number 24, which order in so far as applicable, is made a part of this order.
4. The authority herein granted to issue stock will become effective upon the date hereof.

DATED at San Francisco, California, this 14th day of October, 1924.

H. N. Brundage
Erving Maurist

J. T. Whitting
Commissioners.