

Decision No. 14354

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
HOME TELEPHONE COMPANY OF COVINA, a
corporation, for an order permitting
it to authorize and create a bonded
indebtedness of \$600,000.00 and au-
thorizing the issue and sale of
\$50,000.00 par value of said bonds,
and in addition thereto for an order
authorizing the issuance of capital
stock of the par value of \$50,000.00.)

Application Number 10176
(Supplemental)

ORIGINAL

BY THE COMMISSION :

SECOND SUPPLEMENTAL ORDER

The Commission by Decision Number 13763, dated July 1, 1924, authorized the Home Telephone Company of Covina to issue and sell on or before February 1, 1925 at not less than par \$57,500.00 of common stock. By Decision Number 14188, dated October 21, 1924, the Commission authorized the Home Telephone Company of Covina to issue and sell on or before April 1, 1925 at not less than 90 and accrued interest \$65,000.00 of general and refunding mortgage 6 per cent bonds due September 1, 1953. The company reports that it has sold \$25,750.00 of the stock, leaving \$31,750.00 unsold. No bonds have been sold to date. It is of record that applicant is unable to sell additional stock at this time.

In its Exhibit Number 1 filed at the hearing had before Examiner Fankhauser on the supplemental petition, applicant reports an indebtedness of about \$95,000.00 incurred to acquire and install additional telephone properties. To pay this indebtedness it asks permission to issue \$65,000.00 of bonds in addition to the \$65,000.00 authorized by Decision Number 14188 and use all of the bonds (\$130,000.00) or such amount as may be necessary to secure the payment of a note or

notes which it intends to issue to obtain funds to pay existing indebtedness.

The order herein will provide that for every \$100.00 borrowed, applicant may deposit as collateral to secure the payment of such loan not more than \$125.00 face value of bonds.

The Commission has considered the evidence submitted and is of the opinion that the money, property or labor to be procured or paid for through the issue of the additional bonds and the issue of the notes is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income, therefore

IT IS HEREBY ORDERED as follows :-

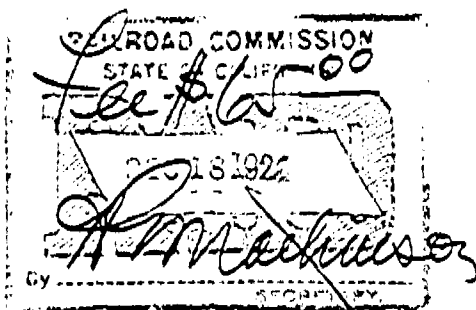
1. Home Telephone Company of Covina may issue and sell at not less than 90 per cent of their face value and accrued interest, on or before October 1, 1925, \$65,000.00 of its general and refunding 6 per cent bonds due September 1, 1953, such bonds being in addition to those whose issue is authorized by Decision Number 14188.
2. Decision Number 14188, dated October 21, 1924, is hereby modified so as to permit the Home Telephone Company of Covina to issue and sell at not less than 90 per cent of their face value and accrued interest, on or before October 1, 1925, \$65,000.00 face value of its general and refunding 6 per cent bonds due September 1, 1953.
3. Home Telephone Company of Covina may issue a note or notes for the sum of not exceeding \$95,000.00, such note or notes to be payable on or before two years after date with interest at the rate of not exceeding six per cent per annum.

4. Home Telephone Company of Covina may deposit the \$150,000.00 of bonds, or such amount thereof as may be necessary, to secure the payment of the \$95,000.00 of note or notes, provided that not more than \$125.00 face value of bonds may be deposited to secure the payment of every \$100.00 face value of notes issued.
5. The proceeds obtained through the issue of the note or notes herein authorized shall be used by applicant to pay indebtedness set forth in its Exhibit Number 1 filed in this proceeding at the hearing had on December 8, 1924.
6. Decision Number 13763, dated July 1, 1924, is hereby modified so as to permit Home Telephone Company of Covina to issue and sell the stock authorized by such decision on or before October 1, 1925.
7. Any proceeds obtained from the sale of the stock authorized to be issued by Decision Number 13763, dated July 1, 1924, as modified by this order, and any proceeds obtained from the sale of bonds the issue of which has been authorized by Decision Number 14188, dated October 21, 1924, as modified by this order, or the issue of which is authorized by this order, shall be used to pay indebtedness represented by the note or notes the payment of which is secured by the deposit of bonds herein authorized. Any proceeds not needed for such purpose may be expended only as permitted by a supplemental order or orders of the Railroad Commission.
8. As payments are made on the note or notes herein authorized to be issued, all or a proper proportion of the amount of bonds deposited as collateral shall be returned to applicant's treasury and may there-

after be issued only in accordance with this order or as hereafter authorized by the Commission.

9. Home Telephone Company of Covina shall keep such record of the issue, sale and delivery of the bonds 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.
10. The authority herein granted to issue bonds will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$65.00.
11. The order in Decision Number 13763 and Decision Number 14188 shall remain in full force and effect except as modified by this Second Supplemental Order.

DATED at San Francisco, California, this 12th day of December, 1924.



C. Seavey

Irving Martin
Egerton Shore

Commissioners.