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Decision No. 14410.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SANTA MONICA BAY TELEPHONE COMPANY) Application Number 10688
for authority to issue bonds for cash.)

C. F. Mason, for Applicant.

ORIGINAL

BY THE COMMISSION:

O P I N I O N

In this application Santa Monica Bay Telephone Company asks the Railroad Commission to make an order authorizing it to issue and sell, at not less than 94 percent of face value and accrued interest \$75,000.00 of its first and refunding mortgage six percent gold bonds due September 1, 1944 and to use the proceeds to reimburse Citizens National Company for moneys expended in the purchase of \$78,500. of the five percent bonds of Santa Monica Bay Home Telephone Company, and in addition to issue and sell from time to time additional first and refunding six percent bonds at not less than 94 percent of face value for the purpose of purchasing, refunding or otherwise acquiring the five percent bonds of Santa Monica Bay Home Telephone Company.

By Decision Number 14258, dated November 14, 1924, as amended, the Commission authorized Santa Monica Bay Home Telephone Company to transfer its properties to Santa Monica Bay Telephone Company and Santa Monica Bay Telephone Company, among other things, to execute a mortgage and to issue \$836,000.00 of first and refunding mortgage six percent bonds due September 1, 1944. Of these bonds

the order of the Commission permitted the delivery of \$239,000.00 in exchange for \$265,500.00 of bonds of Santa Monica Bay Home Telephone Company then held by The Pacific Telephone and Telegraph Company and the sale of the remaining \$597,000.00 at not less than 94 percent of face value plus accrued interest for the purpose of paying indebtedness assumed by applicant in purchasing the properties and of financing the cost of additions and extensions. Upon acquiring the properties of Santa Monica Bay Home Telephone Company, applicant agreed to assume the payment of that company's outstanding bonded indebtedness, which was reported at \$497,500.00. Of this amount it is reported that \$265,500.00 of bonds held by The Pacific Telephone and Telegraph Company will be refunded through the issue of \$239,000.00 of applicant's bonds and \$78,500.00 have been purchased by Citizens National Company at a cost of \$70,317.50, leaving \$153,500.00 outstanding at this time. The Citizens National Company will deliver the \$78,500.00 bonds of Santa Monica Bay Home Telephone Company to applicant at the same price it paid for such bonds. Applicant asks that in addition to the \$75,000.00 of bonds, specifically covered by this application, it be allowed to issue its six percent bonds from time to time to refund the remaining \$153,500.00 of bonds of Santa Monica Bay Home Telephone Company. The Commission has considered applicant's request and believes it should be granted. The order herein will authorize the issue and sale of not exceeding \$153,500.00 of bonds, in addition to the \$75,000.00 for the purpose of refunding bonds of its predecessor, Santa Monica Bay Home Telephone Company.

ORDER

Santa Monica Bay Telephone Company, having applied to the Railroad Commission for permission to issue and sell bonds, 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 such issue is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Santa Monica Bay Telephone Company be, and it is hereby, authorized to issue and sell on or before December 1, 1925 at not less than 94 percent of face value plus accrued interest, not exceeding \$228,500.00 of its first and refunding mortgage six percent bonds and to use \$70,317.50 of the proceeds to reimburse Citizens National Company for moneys expended in acquiring \$78,500.00 of the bonds of Santa Monica Bay Home Telephone Company and to use the remaining proceeds, or such portion thereof as may be necessary, to refund the remaining (\$153,500.00) outstanding bonds of Santa Monica Bay Home Telephone Company or for such other purposes as the Commission may authorize in subsequent orders;

IT IS HEREBY FURTHER ORDERED that Santa Monica Bay Telephone Company 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 No. 24, which order in so far as applicable is made a part of this order.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof.

DATED at San Francisco, California, this 27th day of December, 1924.

C. Leary
James Martin
Egerton Shore
J. J. Whittless
Commissioners.