

Decision No. 17543

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the)
 HOME TELEPHONE COMPANY OF COVINA,)
 a corporation, for an order authorizing)
 the issue and sale of \$25,000. par)
 value of its general refunding six per)
 cent bonds, \$70,000. par value of its)
 preferred capital stock and \$55,000.)
 par value of its common stock.)

ORIGINAL

Application No. 13157.

Lloyd Wright, for applicant.

BY THE COMMISSION:

O P I N I O N

The Home Telephone Company of Covina asks permission to issue \$25,000. of its general refunding six percent bonds due September 1, 1953; to issue \$70,000. of its seven percent preferred stock and to issue \$55,000. of its common stock. It intends to issue and sell forthwith \$10,000. face value of the bonds at \$96. and accrued interest; \$20,000. par value of the preferred at \$100. per share and \$20,000. par value of the common stock at \$105. per share for the purpose of paying indebtedness and providing itself with moneys to construct extensions, additions and betterments to its properties. The remainder of the stock and bonds it intends to sell from time to time to provide itself with funds to pay 1927 and subsequent construction expenditures. The Commission will hereafter fix the price at which said remainder of bonds and stock

may be sold.

Home Telephone Company of Covina has an authorized capital stock issue of \$600,000. divided into 6,000 shares of the par value of \$100. each of which 3,000 shares are common and 3,000 preferred stock. It is of record that there is now outstanding \$175,000. of stock consisting of \$56,800. of preferred and \$118,200. of common. The company's funded debt is reported at \$258,300. consisting of \$178,300. of first refunding bonds and \$80,000. of general refunding bonds. The company has also outstanding \$20,000. of seven percent notes issued for the purpose of obtaining moneys to pay construction expenditures. It is these notes that applicant intends to pay through the issue and sale of bonds, preferred and common stock. The testimony of F. H. Wright, Secretary of applicant corporation, shows that the company is about to undertake the enlargement of its telephone system in its Glendora District. It is estimated that the cost of the improvements in that district will be in excess of \$28,000. The necessity for the enlargement is brought about by the increase in the number of the company's subscribers in such district. It is also of record that the company will be called upon to expend additional sums in other parts of its system to provide adequate telephone facilities to existing subscribers and to new subscribers. While the company has submitted a statement in which it reports estimated construction expenditures of \$108,195.50, exclusive of the expenditures in the Glendora district, it has not submitted any detail figures. It reports that as it proceeds with the construction, it will file supplemental petitions herein for permission to sell part of the

stock and bonds applied for and use the proceeds to finance construction expenditures set forth in said supplemental petitions.

ORDER

Home Telephone Company of Covina having applied to the Railroad Commission for permission to issue the bonds and stock referred to in the opinion which precedes this order, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue and sale of such bonds or stock as is herein authorized 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,

IT IS HEREBY ORDERED as follows:-

1. HOME TELEPHONE COMPANY OF COVINA be, and it is hereby, authorized to issue not exceeding \$25,000. of its general and refunding six percent bonds maturing on September 1, 1953, and sell not exceeding \$10,000. of said bonds at not less than 96 percent of their face value and accrued interest.
2. HOME TELEPHONE COMPANY OF COVINA may issue not exceeding \$70,000. of its seven percent preferred stock and sell at not less than par \$20,000. of said stock and issue \$55,000. of its common stock and sell not exceeding \$20,000. of said common stock at not less than \$105. per share.
3. HOME TELEPHONE COMPANY OF COVINA may use an amount equal to not exceeding \$3.50 per share of stock

sold to pay expenses incident to the sale of its preferred and common stock herein authorized to be sold and may use the accrued interest for general corporate purposes.

4. HOME TELEPHONE COMPANY OF COVINA shall use the proceeds obtained from the sale of its bonds, other than accrued interest, and the proceeds obtained from the sale of preferred and common stock, herein authorized to be sold, other than \$3.50 per share mentioned in the preceding paragraph, to pay notes, enlarge and reconstruct its telephone system in its Glendora District and pay for extensions, additions and betterments to its telephone system elsewhere. Any proceeds not needed for any of the foregoing purposes may be expended only for such purposes as the Commission will hereafter authorize by a supplemental order.
5. The authority herein granted to issue bonds will become effective when the fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty-five (\$25.00) Dollars, has been paid.
6. The authority herein authorized to issue stock and sell the amounts of stock herein indicated, will become effective upon the date hereof.
7. HOME TELEPHONE COMPANY OF COVINA shall keep such record of the issue and sale 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 No. 24, which order, insofar as applicable, is made a part of this order.

8. Of the bonds herein authorized to be issued \$15,000., of the preferred stock \$50,000. and of the common stock \$35,000. may be sold only after the Commission has fixed the minimum price at which said stock and bonds, or any part thereof, may be sold, and authorized the use of the proceeds obtained from the sale of said bonds and stock.

DATED at San Francisco, California, this 29th
day of October, 1926.

H. H. Brundage
C. A. Sweeney
Ernest J. ...
Frank ...

Commissioners.

See the 25th ...
COMMISSION
STATE OF CALIFORNIA
1926
Al ...
Fee # 23446