

LBM

Decision No. 18936.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the  
REEDLEY TELEPHONE COMPANY,  
for permission to dispose of 122(\$12,200.)  
of its 20-year first mortgage seven percent  
bonds heretofore authorized to be issued,  
and for authority to purchase a building,  
partially paying for same from the proceeds  
of these bonds, and to give its notes in  
part payment for the balance.

ORIGINAL

Application No. 14083

A. Terkel, for applicant.

BY THE COMMISSION:

OPINION

Reedley Telephone Company asks permission to issue \$12,200.00 face value of its seven percent first mortgage bonds and \$4,360.00 of seven percent notes for the purpose of reimbursing its treasury and acquiring properties.

The Reedley Telephone Company has an authorized bond issue of \$50,000.00. By Decision No. 9255 dated July 23, 1921, as amended, the company was permitted to issue on or before June 30, 1923, \$20,000.00 of said bonds and sell the same at not less than ninety percent of their face value and accrued interest. It is of record that the company has been able to sell only \$7,800.00 of the bonds, leaving \$12,200.00 of bonds unsold. Recently it has received an offer of ninety-five and accrued interest for \$1,000.00 of its bonds. It believes that it may be able to sell the remaining \$11,200.00 of bonds at the same price.

Applicant asks permission to use the proceeds from the sale of \$1,000.00 of its bonds to reimburse its treasury because of income expended for additions and betterments during 1926 and up to July 31, 1927. The cost of such additions and betterments is reported at \$1,463.23.

The company also intends to acquire at a cost of \$15,000.00 the lot and building in which its central office equipment is now located. The lot is 25 x 100 with an alley in the rear. There has been erected on the lot a two story brick and concrete building. For the space it occupies, it pays ninety dollars a month rent. Applicant occupies the main floor of the building, size 25 x 50, the basement under the entire building and the warehouse in the rear of the building. The second floor is rented at \$480. per annum. Assuming that the company can sell its bonds at ninety-five, it will realize from the sale thereof \$10,640.00 available to pay in part the purchase price of the building. To cover the balance of the purchase price, the company asks permission to issue a \$4,360.00 seven percent note.

#### ORDER

Reedley Telephone Company having asked permission to issue \$12,200.00 of its seven percent first mortgage bonds, due December 1, 1941, and a \$4,360.00 note, 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 such issue of bonds and 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 and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows;-

1. Reedley Telephone Company may issue and sell on or before December 31, 1928, at not less than 95 percent of their face value and accrued interest, \$12,200.00 of its seven percent first mortgage bonds due December 1, 1941, and use the proceeds obtained from the sale of \$1,000.00 of said bonds to reimburse its treasury on account of earnings expended for the properties referred to in its petition. The remainder of the proceeds or the \$11,200.00 of bonds shall be used by the company to pay in part the cost of the building referred to in this application.

2. Reedley Telephone Company may issue and sell at not less than par \$4,360.00 face value of seven percent unsecured notes payable on or before ten years after date, and use said notes or proceeds to pay in part the cost of the building referred to in this application.

3. Reedley Telephone Company may use said bonds and notes to pay for said building, provided said building is purchased free and clear of all indebtedness and at a cost of not exceeding \$15,000.

4. The authority herein granted will become effective when applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is \$25.

5. Reedley Telephone Company shall keep such record of the issue, sale and delivery of the stock and notes 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.

DATED at San Francisco, California, this 19<sup>th</sup> day of  
October, 1927.

Emmert  
Chase  
Leon Whiteley  
W. R. ...  
M. J. ...  
Commissioners.

