

LEM

Decision No. 19546.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHWESTERN HOME TELEPHONE COMPANY,)
a corporation, for an order author-)
izing the issue and sale of \$41,600.) Application No. 14446
par value of its first and unified)
gold bonds.)

Ernest Irwin, for applicant.

BY THE COMMISSION:

O P I N I O N

Southwestern Home Telephone Company asks permission to issue and sell at not less than 95 percent of their face value and accrued interest \$41,600.00 of its first and unified six percent gold bonds due October 1, 1954.

Applicant is engaged in the business of rendering telephone service in and adjacent to the cities and towns of Redlands, Banning, Beaumont, Elsinore, Hemet, San Jacinto, Murrietta, Perris, Temecula and Palm Springs.

As of January 1, 1928 the company reports \$84,234.50 of stock and \$398,000.00 of bonds actually outstanding. As of the same date it reports its reserve for accrued depreciation at \$102,448.28 and its surplus at \$57,591.77. The moneys represented by both the reserve and surplus have been invested in the business and properties of the company. During the past several years it has invested its surplus earnings in its properties, rather than pay dividends.

Applicant in its Exhibit "B" reports that from January 1, 1927 to December 31, 1927 it expended for additions and betterments \$71,455.65. From this it deducts \$8,204.44 representing plant removals, leaving net construction expenditures of \$63,251.21. The expenditures include \$37,207.88 incurred in the construction of the company's Palm Springs exchange and \$10,298.91 for the installation of a new long distance toll board at Redlands. The other expenditures are such as the company is called upon from time to time to make, in order to give added telephone service and improve service to existing subscribers.

We have considered the testimony submitted in this proceeding and are of the opinion that the company should be permitted to issue \$41,600.00 of its first and unified mortgage gold bonds, but that such bonds should not be sold by the company for less than 96 percent of their face value and accrued interest.

ORDER

Southwestern Home Telephone Company having applied to the Railroad Commission for permission to issue \$41,600.00 of its first and unified mortgage six percent gold bonds due October 1, 1954, 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 is reasonably required by the company 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,

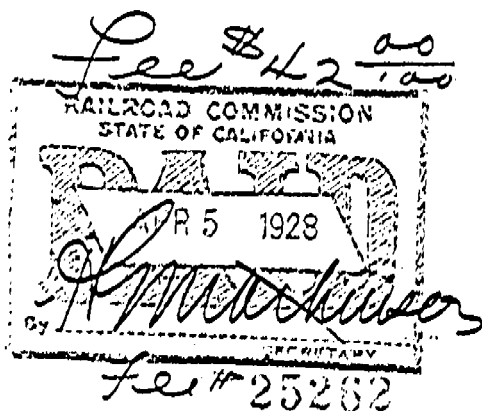
IT IS HEREBY ORDERED that Southwestern Home Telephone Company be, and it is hereby, authorized to issue and sell at not less than 96 percent of their face value and accrued interest, \$41,600.00 of its first and unified mortgage six percent gold bonds due October 1, 1954, and use the proceeds to reimburse its treasury on account of income expended for the construction of the additions and betterments described in Exhibit "B".

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$42.

IT IS HEREBY FURTHER ORDERED that applicant shall keep such record of the issue of the bonds and 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 2nd day of

April, 1928.



Leon Whitell
C. S. Seamy
Pro. & R. Secy
W. J. Linn
Commissioners.