

Decision No. 21153

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SANTA MONICA BAY TELEPHONE COMPANY,)
a corporation, for authority to)
renew notes.)

ORIGINAL

Application No. 15644.

BY THE COMMISSION:

O P I N I O N

Santa Monica Bay Telephone Company asks the Railroad Commission for an order authorizing it to issue its promissory notes in the aggregate amount of \$275,000.00 for the purpose of renewing notes of like amount now outstanding.

The application shows that Santa Monica Bay Telephone Company is a corporation organized under the laws of the State of California and engaged in the business of giving telephone service in the City of Santa Monica, in portions of the City of Los Angeles and in adjacent territory. As of March 31, 1929 it reports outstanding \$1,275,600.00 of stock, consisting of \$650,600.00 of common stock and \$625,000.00 of seven percent preferred stock, \$1,281,500.00 of first and refunding mortgage six percent bonds due September 1, 1944, and \$450,000.00 of short term notes payable.

The outstanding stocks and bonds were issued under authority granted by the Commission. The last decision entered by the Commission, No. 17570, dated November 5, 1926, authorized the company to issue and sell, at not less than \$99.00 a share, 3,500 shares of its seven percent preferred stock to reimburse its treasury and to finance in part its 1927 construction expenditures. Thereafter the company filed General Order No. 24 reports, pursuant to said decision, reporting the use of the proceeds received through such sale of stock to finance, in part, construction expenditures up to August 31, 1927 and further reporting a balance on that date which was not financed with such proceeds, of \$10,880.17.

In the present application the company reports that from August 31, 1927 to December 31, 1928 its net expenditures for additions to fixed capital aggregated \$501,329.07, as shown in some detail in Exhibit "B" attached to the application. To this amount it adds the additions of \$10,880.17 not provided through former stock and bond issues, and \$85,998.71 representing construction work in progress on December 31, 1928, resulting in a total of \$598,207.95. Of this amount it alleges that \$147,778.75 was obtained through donations in aid of construction and the balance, \$450,429.20 from borrowed funds and sources other than the issue of stocks and bonds.

Included in the borrowed funds used to meet these construction expenditures are the proceeds from the issue of

certain notes, set forth in the application as follows:-

DATE	DUE	PAYEE	AMOUNT
June 27,1928	Sept.25,1928	Citizens Nat.Tr.&Sav.Bnk.	\$100,000
Mch. 1,1929	May 30,1929	" " " " "	25,000
Dec. 27,1928	June 25,1929	" " " " "	25,000
Apr. 29,1929	July 29,1929	" " " " "	25,000
Nov. 23,1928	Feb. 21,1929	Security First Natl. Bank	25,000
Oct. 26,1928	Jan. 24,1929	" " " "	75,000
Total			<u>\$275,000</u>

Applicant desires to renew these notes for a period of one year from the date renewal.

O R D E R

Santa Monica Bay Telephone Company having applied to the Railroad Commission for permission to issue notes; and the Railroad Commission being of the opinion that this is not a matter in which a public hearing is necessary and that the money, property or labor to be procured or paid for through such issue is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Santa Monica Bay Telephone Company be, and it hereby is, authorized to issue its six percent promissory notes in the aggregate amount of \$275,000.00 for the purpose of renewing for a period of one year from date of renewal

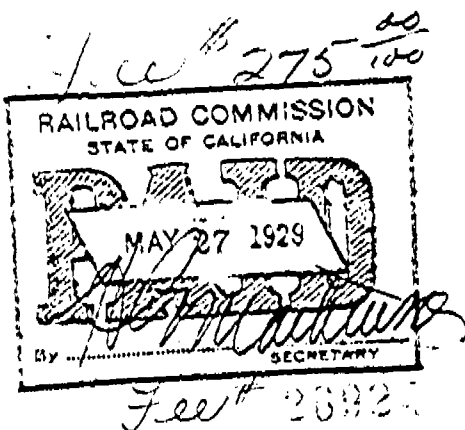
the outstanding \$275,000.00 of notes set forth in the foregoing opinion.

The authority herein granted is subject to the following conditions:-

(1) Applicant shall keep such record of the issue of the notes herein authorized 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.

(2) 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 Two Hundred and Seventy-five (\$275.00) Dollars.

DATED at San Francisco, California, this 24th day of May, 1929.



[Signature]

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Commissioners.