

HS

Decision No. 11129

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

* * *

In the Matter of the Application of
ASSOCIATED TELEPHONE COMPANY
to substitute bonds of the denomina-
tion of \$1000.00 for bonds of the de-
nomination of \$600.00 and \$100.00 re-
spectively, heretofore authorized, and
for authority to pay Two per cent. of
the normal federal income tax in addi-
tion to the interest on its bonds here-
tofore authorized.

Application
Number
6231

BY THE COMMISSION:

SECOND SUPPLEMENTAL ORDER

The Railroad Commission has heretofore authorized ASSOCIATED TELEPHONE COMPANY to execute a mortgage securing the payment of \$2,000,000.00 face value of bonds. Bonds numbered from 1 to 1382, both inclusive, are of the denomination of \$600.00 each, bonds numbered from 1383 to 1390, both inclusive, are of the denomination of \$100.00 each and bonds numbered from 1391 to 2560, both inclusive, are of the denomination of \$1,000.00 each. The face value of the bonds numbered from 1 to 1390, both inclusive, aggregates \$830,000. These bonds were authorized to be issued in exchange for bonds of the Union Home Telephone and Telegraph Corporation. Since their issue, the holders of the bonds find that the denominations make them unsatisfactory for the purpose of sale and they have therefore requested applicant to issue to them bonds of a \$1,000.00 denomination for \$1,000.00 face value of bonds they now own. Applicant requests permission to modify its deed of trust so as to permit it to issue 830 bonds of \$1,000.00 each in exchange for bonds numbered 1 to 1382 and 1383 to 1390, both inclusive.

Applicant also seeks permission to pay the normal federal income tax up to two per cent. This is usually done by companies

issuing bonds and the fact that applicant's deed of trust contains no such provision has a tendency to make the sale of the company's bonds more difficult. The annual expense to the company on account of agreeing to pay the federal income tax of 2 per cent. is estimated at \$1,400.00.

The Commission has considered applicant's request and believes that it should be granted as herein provided; therefore --

IT IS HEREBY ORDERED, that ASSOCIATED TELEPHONE COMPANY be, and it is hereby, authorized to execute a supplemental indenture substantially in the same form as that filed in the above entitled proceeding on October 14, 1922, and to pay on its bonds the normal federal income tax up to two per cent., provided --

THAT the authority herein granted to execute a supplemental indenture is for the purpose of this proceeding only and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said supplemental indenture as to such other legal requirements to which said supplemental indenture may be subject.

DATED at San Francisco, California, this 18th day of October, 1922.

Irving Martin
Charles H. Jones
W. J. Benedict

Commissioners.