

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of)
SAN DIEGO HOME TELEPHONE COMPANY)
for an order authorizing the issue of) Application No. 800.
promissory notes of the face value)
of \$150,000.00, secured by bonds.)

TERRELL, Commissioner.

SUPPLEMENTAL OPINION

On October 29, 1913, this Commission made its order in the above entitled proceeding authorizing applicant to issue its promissory notes in the aggregate amount of \$150,000.00, on certain conditions specified in the order.

One of the conditions was that

"The authority hereby given shall not become effective until applicant has complied with the sinking fund provisions of its bond mortgage and has filed with the Commission a statement, satisfactory to the Commission, showing such compliance."

There has now been filed with this Commission a certificate of the Title Insurance & Trust Company, the trustee under applicant's bond mortgage, dated January 15, 1914, reciting in part that applicant has now paid to the trustee the sum of \$224.80 for the sinking fund for the year 1912 and \$242.75 for the sinking fund for the year 1913. This certificate constitutes a sufficient compliance with the condition hereinbefore referred to. Another condition was that the notes should be issued so as to net not less than 94 per cent of the face value of the principal thereof and that they might be secured by applicant's bonds in an amount not exceeding the ratio of two to one.

Applicant has now filed with this Commission letters from three banks in San Diego County stating that the notes can not be sold to realize more than 90 per cent of their face value and

that it will be necessary to have bonds as security at the ratio of three to one. While the ratio of the bonds is unusually high, I am convinced that under all the circumstances of the case it would be wiser to grant the application in modified form than to retain conditions under which it would be impossible at the present time for applicant to secure funds. As the notes are paid off year by year, in five annual installments, the bonds will be returned to applicant's treasury and they may not again thereafter be issued until this Commission's consent has first been secured.

I recommend the following supplemental order:

SUPPLEMENTAL ORDER

San Diego Home Telephone Company having represented to this Commission that it has been unable to sell its promissory notes on the terms specified in this Commission's order dated October 29, 1913, and that bankers of San Diego County will take said notes if they may be sold so as to net San Diego Home Telephone Company not less than ninety (90) per cent of the face value of the principal thereof, on condition that they are secured by applicant's bonds in an amount not exceeding the ratio of three (3) to one (1).

IT IS HEREBY ORDERED that the order heretofore rendered in said proceeding on October 29, 1913, be and the same is hereby amended so as to authorize San Diego Home Telephone Company to sell its notes at not less than ninety (90) per cent of the face value of the principal thereof, said notes to be secured by applicant's bonds in an amount not exceeding the ratio of three (3) to one (1). In all other respects said order shall remain in full force and effect.

The foregoing supplemental opinion and order are

hereby approved and ordered filed as the supplemental opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 22nd day
January, 1914.

H. H. Leonard

W. A. Gordon

Max Thelen

Edwin O. Edgerton

Commissioners.