

ORIGINAL
Decision No. 1220

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application :
of HOME TELEPHONE AND TELEGRAPH :
COMPANY OF SANTA BARBARA COUNTY : Application No. 875.
for authority to issue promissory :
note and to pledge bonds as col- :
lateral security. :

E. A. Gilbert, for applicant.

GORDON, Commissioner.

O P I N I O N

This is an application by Home Telephone and Telegraph Company of Santa Barbara County for authority to refund a note in the sum of \$15,000.00 held by Santa Barbara Savings and Loan Bank, and to repledge, as collateral security for said note, \$27,000.00 of its first mortgage bonds now pledged as collateral security for the note which it desires to refund.

The applicant herein operates a system of telephone lines in Santa Barbara county. For the details thereof and for other particulars bearing upon applicant's organization, financial condition, etc., reference is hereby made to the decision of this Commission on Application No. 874.

Applicant desires merely to continue in existence a present arrangement with Santa Barbara Savings and Loan Bank. It appears that the proceeds derived from the note in the sum of \$15,000.00 were used for additions and betterments to applicant's plant and are not, therefore, chargeable to either operating expenses or to income.

I recommend that the application be granted, and submit the following form of Order:-

O R D E R

Home Telephone and Telegraph Company of Santa Barbara County having applied to this Commission for authority to issue its promissory note in the sum of \$15,000.00 to Santa Barbara Savings and Loan Bank, and to pledge as collateral security therefor its first mortgage 5% thirty-year bonds to the amount of \$27,000.00;

And a hearing having been held, and it appearing that the money derived from the issue of said note of \$15,000.00 now to be refunded was used for purposes not, in whole or in part, reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED: That Home Telephone and Telegraph Company of Santa Barbara County be given authority, and it is hereby given authority, to issue a promissory note in the sum of \$15,000.00, payable on demand, to Santa Barbara Savings and Loan Bank, with interest at 5% per annum.

AND IT IS FURTHER ORDERED: That Home Telephone and Telegraph Company of Santa Barbara County be given authority, and it is hereby given authority to pledge as collateral security for said note its first mortgage thirty-year 5% bonds in the sum of \$27,000.00.

This authority is given upon the following conditions and not otherwise:-

(1) Said note in the sum of \$15,000.00, hereby authorized to be issued, shall be issued to refund a note of like amount issued by the applicant herein and now held by Santa Barbara Savings and Loan Bank.

(2) The authority herein given to issue said note shall apply to such a note as may be issued on or before March 1, 1914.

(3) The bonds herein authorized to be pledged in the sum of \$27,000.00 as collateral security shall, upon the payment or discharge of said note of \$15,000.00, be returned to applicant's

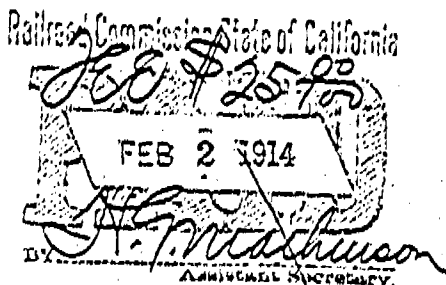
treasury and shall not thereafter be issued except upon the order of this Commission.

(4) The applicant herein shall, within thirty days after the execution of its note, herein authorized to be issued, file a statement with the Commission stating that such note has been issued.

(5) This Order shall not be effective, in so far as it authorizes the issue of a note, until applicant shall first have paid the fee prescribed by Section 57 of the Public Utilities Act.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

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



H. H. Howard
W. G. Gordon
Max Thelen
Edwin O. Edgerton
Commissioners.