

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the matter of the application of)
LINDSAY HOME TELEPHONE AND TELEGRAPH)
COMPANY for an order authorizing it)
to borrow \$5000.00)

Application No. 851.

G. W. Zartman, Attorney and G. C. Harris, President, for
Lindsay Home Telephone and Telegraph Company.

O P I N I O N

GORDON, Commissioner.

The application herein as originally filed with the Commission is for permission to the Lindsay Home Telephone and Telegraph Company of Lindsay, Tulare County, California, to borrow \$5000.00 on its note, payable in five years with interest at 8% per annum. The application shows that the purposes for which this money is to be used are for making betterments and additions to the applicant's telephone system and in taking up an outstanding indebtedness of \$500.00 on a note held against the property of the applicant by The Pacific Telephone and Telegraph Company. This indebtedness was incurred prior to the effective date of the Public Utilities Act and will fall due October 1, 1914.

The applicant has arranged, subject to Commission's approval, to borrow this amount and to repay it in monthly installments of \$100.00 each, including interest, out of the company's revenues. The note which the applicant desires to give is its corporation note, unsecured.

At the hearing of this application, witness for the applicant testified that it is desired to set aside \$2000.00 out of the amount which it desires to borrow to be used from time to time as needed for installing telephones for new patrons, only a portion of which amount will be needed for immediate use. The balance of such amount it is estimated will be used up within two years from date of securing the loan.

It is my opinion that the applicant would not be justified in paying interest out of revenues on loans not necessary for immedi-

✓ ste use and that it should defer borrowing money for such purposes until the exigencies of the business require it, and the applicant was so informed at the hearing. A stipulation was accordingly entered agreeing that the application be amended to ask that permission be granted to borrow \$3000.00 for present needs. The applicant has, since the original application was filed, advised the Commission that it desires to obtain this loan on its corporation note, unsecured, payable in three years with interest at 8% per annum. As additional sums become necessary further formal applications shall be filed with the Commission. This application will be considered as herein amended and the order herein recommended will apply only to the amended application.

A statement of the amounts necessary to be expended for additions and betterments has been submitted to the Commission showing that within a period of six months from the date of obtaining this loan the money thus secured will be used as follows:

<u>1st.</u>	For additional cables,	\$1500.00
<u>2nd.</u>	For reconstructing present leads and for building new leads,	250.00
<u>3rd.</u>	For connecting additional subscribers,	750.00
<u>4th.</u>	For additions to present switchboard,	<u>500.00</u>
	Total	\$3000.00

The amounts of money included in these items are inclusive of the cost of labor, material, apparatus and such other costs as are incidental thereto. The location and capacity of cables included in this statement are shown in a chart which is attached to and made a part of the application.

The applicant testified at the hearing that an actual inventory and appraisal of the physical property of this company has not been made since the present owners acquired possession of the system. Only estimated valuations, therefore, are available at this time and while the Commission is not called upon to approve these

valuations, the figures which were submitted have been examined and appear to be sufficient for the purposes of this proceeding.

The net revenues of the company remaining after deducting expenses of operation, as shown in the application, are \$347.50 per month. It appears also that practically the only present indebtedness of this company is the note for \$500.00 held by The Pacific Telephone and Telegraph Company which has been previously referred to in this opinion.

Witnesses for the applicant stated that the present facilities are all in use and that there are further demands for telephone service which cannot be met until additions and betterments to the plant can be made. In view of this condition and in view also of the apparently sound financial condition of this company, and no reasonable objection appearing, it is the opinion of the Commission that the public necessity and convenience will be subserved by the granting of this application, and I shall recommend the following form of order.

O R D E R

Application having been made to this Commission by Lindsay Home Telephone and Telegraph Company operating a telephone system as a public utility in Lindsay, Tulare County, California, and contiguous territory, for an order permitting it to borrow \$3000.00 on its unsecured corporation note, payable in three years with interest at 8% per annum for the purposes of making additions and betterments to its telephone system, and a public hearing having been held thereon and it appearing to this Commission that the purposes for which the Lindsay Home Telephone and Telegraph Company desires to borrow the said \$3000.00 are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that the Lindsay Home Telephone and Telegraph Company be and it hereby is granted authority to borrow \$3000.00 on its corporation note, unsecured, payable in three years with interest at 8% per annum upon the following conditions and not otherwise, to-wit:

1st. The Lindsay Home Telephone and Telegraph Company shall execute its note in the sum herein authorized to be borrowed for a term of three years, which said sum shall be repaid in monthly installments of not less than \$100.00 each, principal and interest both inclusive, out of the revenues of the said Lindsay Home Telephone and Telegraph Company.

2nd. The sum of \$3000.00 herein authorized to be borrowed by the Lindsay Home Telephone and Telegraph Company shall be used in making additions and betterments in its plant as follows:

- | | | |
|---|---|---------------|
| (1) For additional aerial cables | - | \$1500.00 |
| (2) For reconstructing present leads and for building new leads | - | 250.00 |
| (3) For connecting additional subscribers | - | 750.00 |
| (4) For additions to present switchboard | - | <u>500.00</u> |
| Total | - | \$3000.00 |

3rd. The Lindsay Home Telephone and Telegraph Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the funds derived from the amount herein authorized to be borrowed and on or before the twenty-fifth day of each month shall make a verified report to the Commission of the amounts herein authorized to be borrowed; the terms and conditions under which the said sums are obtained and the disposition of same all in accordance with this Commission's General Order No. 24 which, in so far as applicable, is made a part of this order.

4th. This order shall apply only to funds obtained within six months from the date of this order.

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 7th day of February, 1914.

Railroad Commission State of California

Handwritten: FEB 25 1914
FEB 13 1914
Handwritten: J. H. Mackay
Assistant Secretary

Handwritten signatures:
John M. Parkman
H. S. Loveland
W. E. Gordon
Edwin C. Laguerre

Commissioners.