

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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ORIGINAL

In the matter of the application of
the CONSOLIDATED UTILITIES COMPANY
for authority to issue 15.8 shares
of stock, and to renew a note of
\$1,500.00.

Application No. 1186.

Decision No. 1616

J. O. McDonald, for applicant.

LOVELAND, Commissioner.

O P I N I O N.

CONSOLIDATED UTILITIES COMPANY is engaged in the telephone and telegraph business. It has exchanges in Compton, Hynes and Gardena, Los Angeles County, and at these points and in the territory adjacent thereto, it furnishes telephone service to 800 subscribers. Applicant connects with the United States Long Distance Telephone Company; Pacific Telephone & Telegraph Company; the Postal Telegraph Company, and the Western Union Telegraph Company. Under its contract with the United States Long Distance Telephone Company, applicant receives 25 per cent of the revenue derived from messages originating on its lines. Under its contract with the Pacific Telephone & Telegraph Company it derives 30 per cent of the revenue from messages either outgoing or incoming, collected at points on its lines. Under its contract with the Postal Telegraph Company it receives 25 per cent of the originating messages. Under its contract with the Western Union Telegraph Company it receives 15 per cent of such money as it collects on behalf of the Western Union Telegraph Company.

Applicant asks this Commission for authority to issue 15.8 shares of its capital stock, of the par value of \$100 per share, and to renew a note to the First National Bank of Compton in the sum of \$1,500.

It appears that the applicant issued 15.8 shares of stock without the approval of the Commission, and upon learning that this stock had been illegally issued, cancelled the same, and in lieu of the stock issued its notes to the purchasers. It now desires authority to issue this stock to take up the notes thus put out. These notes were issued as follows:

To J. Lee Shepard, dated July 1, 1913,
payable June 30, 1914, interest at 7
per cent, \$580.00.

To Sam Shepard, dated July 1, 1913,
payable June 30, 1914, interest at 7
per cent, \$500.00.

To Mrs. M. E. Coolingridge, dated July
1, 1913, payable June 30, 1914, interest
at 7 per cent, \$500.

Total \$1,580.

For these notes applicant received the sum of \$1,580. The money derived from these notes was used for switchboard and pole lines.

Applicant issued its note to the First National Bank of Compton, on July 1, 1913, with interest at 7 per cent, in the sum of \$1,500.00, the proceeds from this note were also used for additions to applicant's system. It is now proposed to refund this note.

Applicant states that the original cost of its plant to June 1, 1914, was \$51,127.07. It has issued 370.6 shares of capital stock out of a total authorized issue of 1,000 shares. The par value of the stock is \$100, and applicant states that none of it was sold for less than par. There is a mortgage upon applicant's plant, originally made in the sum of \$8,000, but which has since been reduced to the sum of \$5,500. Applicant's other indebtedness consists of a note in the sum of \$1,000.00. Applicant lists notes receivable in the sum of \$8,000.00.

For the year 1913 applicant reports net earnings in the sum of \$5,700.00. During the same year a dividend of 8 per cent was paid. In 1912 the company declared a dividend of 9 per cent, and in 1911 a dividend of 10 per cent.

I recommend that the application herein be granted, and submit the following form of order:

O R D E R.

CONSOLIDATED UTILITIES COMPANY having applied to this Commission for authority to issue 15.8 shares of its capital stock, and for authority to issue a promissory note in the sum of \$1,500.00 to the First National Bank of Compton, for the purposes as above noted in the opinion herein, and a hearing having been held, and it appearing that the purposes for which the applicant desire to issue said stock and said note are not in whole or in part chargeable to operating expenses or to income.--

IT IS HEREBY ORDERED, that Consolidated Utilities Company be given authority, and it is hereby given authority, to issue 15.8 shares of capital stock, and to issue its promissory note in the sum of \$1,500 to the First National Bank of Compton. The authority herein given is given upon the following conditions and not otherwise:

The 15.8 shares of stock herein authorized to be issued shall be issued as follows:

(1) 5.8 shares to J. Lee Shepard.

5 shares to Sam Shepard.

5 shares to Mrs. M. E. Coolingridge.

(2) Said stock shall be issued in payment for the following notes previously issued by Consolidated Utilities Company:

Note held by J. Lee Shepard, dated July 1, 1913, in the sum of \$580.00.

Note held by Sam Shepard, dated July 1, 1913, in the sum of \$500.00.

Note held by Mrs. M. E. Coolingridge, dated July 1, 1913, in the sum of \$500.00

(3) The note herein authorized in the sum of \$1,500.00 to be issued to the First National Bank of Compton, shall be issued to refund a note in like amount, now held by the First National Bank of Compton.

(4) Said note to be issued to the First National Bank in the sum of \$1,500.00 shall be for a period not to exceed five (5) years, and at a rate of interest not to exceed 7 per cent per annum.

(5) The applicant herein shall report within ninety (90) days to this Commission that it has issued the note and stock herein authorized, as herein permitted.

(6) The authority herein given to applicant to issue such stock and such notes shall apply to such stock and such notes as shall have been issued on or before October 1, 1914.

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 27th day of June, 1914.

Railroad Commission State of California

Rec'd 27th
JUL 17 1914
H. T. Mathewson
Assistant Secretary

H. D. Lovelace

Max Thelen

Erwin D. Edgerton
Commissioners.