

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application
of Southwestern Home Telephone Com-
pany for authority to issue bonds
and notes.

ORIGINAL

Application No. 871.

GORDON, Commissioner.

Supplemental Opinion

This is a supplemental application by Southwestern Home Telephone Company in which it asks authority to issue its notes in the sum of \$4,500 for a period of not more than three years, at an interest rate not exceeding 8 per cent, and to pledge as security for said notes \$9,000 of bonds, for the purpose of paying a note in the sum of \$4,500 in favor of S. H. and F. J. Burchell which will mature on August 5, 1914.

In its opinion issued on February 24, 1914 on the application herein, the Commission recommended against granting authority to this company to take on new creditors at this time. If the parties now holding this note, however, are unwilling to extend, I recommend that the applicant be granted authority to issue new notes in the sum of \$4,500 as requested, on the condition that the party or parties who may take the new notes shall have been informed of the findings of this Commission upon the application herein as contained in its opinion of February 24, 1914.

As the applicant has already pledged \$9,000 of its bonds as security for the payment of the note in the sum of \$4,500 now held by S. H. and F. J. Burchell, these same bonds may be used as security for the notes which the applicant now proposes to issue.

I therefore recommend the application be granted and submit the following form of order:

Order

Southwestern Home Telephone Company having applied to this Commission for authority to issue its promissory notes in the sum of \$4,500 for a period not exceeding three years and at a rate of interest not exceeding 8 per cent, and for authority also to issue \$9,000 of bonds as collateral security for said notes,

And a hearing having been held and it appearing that the purposes for which the applicant herein proposes to issue said notes and said bonds are not in whole or in part chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Southwestern Home Telephone Company be granted authority and it is hereby granted authority to issue its promissory notes in the sum of \$4,500 and to pledge as collateral security therefor bonds to the amount of \$9,000.

The authority herein given is given upon the following conditions and not otherwise:

(1) The applicant shall sell said notes so as to realize the face value thereof.

(2) The proceeds derived from the notes herein authorized to be issued shall be used to discharge a note in the sum of \$4,500 now held by S. H. and F. J. Burchell.

(3) The bonds now pledged as collateral security for the note of \$4,500 held by S. H. and F. J. Burchell shall be used as collateral security for the notes herein authorized to be issued.

(4) The notes herein authorized to be issued shall be issued only after the applicant herein shall have filed a statement with the Commission stating the name of the party or parties to whom it proposes to issue the notes herein authorized, and after the applicant herein shall have made a showing satisfactory to this Commission that the party or parties who will take the notes herein authorized to be issued have been given a copy of this Commission's

opinion of February 24, 1914 on the original application herein.

(5) The notes herein authorized to be issued shall be issued only after the party or parties to whom said notes are to be issued have filed a statement with this Commission stating that said party or parties will hold said notes until maturity.

(6) The authority herein given to issue said notes shall be exercised only after this Commission shall have issued a supplemental order stating that the conditions enumerated herein have been satisfactorily met by the applicant.

(7) The authority herein given shall apply to such note or notes as shall have been issued on or before September 1, 1914.

(8) The authority herein given is conditioned upon the payment by the applicant herein of the fee prescribed under the Public Utilities Act.

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 5th day of August, 1914.

FILED
FEE \$ 25.00
AUG 8 1914
BY H. M. Mathewson
Assistant Secretary.

Alfred Gordon

Max Thelen
Edwin T. Edgerton
Commissioners.