

CR.

Decision No. _____

ORIGINAL

Decision No. 2847

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

In the matter of the application of)
UNION HOME TELEPHONE AND TELEGRAPH)
CORPORATION for an order authoriz-)
ing said corporation to issue notes)
for interest on coupon debentures)
falling due November 1, 1915.)

Application

No. 1899.

W. W. Butler for Applicant.

BY THE COMMISSION.

O P I N I O N

UNION HOME TELEPHONE AND TELEGRAPH CORPOR-
ATION, of Los Angeles County, seeks authority from
the Railroad Commission to issue notes aggregating
\$24,000. maturing in six, twelve, eighteen and twen-
ty-four months after November 1, 1915, representing
the interest to become due at those periods upon its
issue of 400 six-year six per cent. debenture bonds
of the par value of \$500. each, aggregating \$200,000,
which will mature November 1, 1915, 365 of which, ag-

gregating \$182,500. par value, have heretofore been sold and delivered to the present holders. The issue is secured by 500 of the company's first mortgage five per cent. bonds of the par value of \$1,000. each, aggregating \$500,000.

Of the \$17,500. of said debenture bonds not sold and delivered, 20 of said debenture bonds, aggregating the par value of \$10,000. are pledged to secure the payment of four certain promissory notes made by applicant. The remaining 15 of the said debenture bonds of the aggregate par value of \$7,500. remain in the treasury of applicant not sold or pledged.

There are about fifteen holders of said debentures, principally banks, all but two of whom, holding \$15,000. in par value thereof, have consented to extend the time of maturity of said debentures for an additional period of two years, and have signed an agreement to that effect, and provided therein the form of the proposed notes. The obligation to pay interest upon the debentures after their maturity already exists by their terms. The issue of said notes will not increase the indebtedness of the corporation. Applicant expresses willingness to have the granting of this application made conditional upon all debenture holders agreeing upon said extension.

In addition to asking for authority to issue notes covering interest upon the \$182,500. of

bonds outstanding, applicant has asked permission to issue notes covering interest upon the \$10,000. of bonds held as collateral and the \$7,500. of bonds held in its treasury. The necessity for issuing notes covering interest charges upon these latter bonds is not apparent and this portion of the company's application will accordingly be denied.

O R D E R

UNION HOME TELEPHONE AND TELEGRAPH CORPORATION having applied to the Railroad Commission for an order authorizing the issue of its promissory notes aggregating \$24,000. in amount, being interest for two years at six per cent. upon its issue of \$200,000. par value of six per cent. six year debenture bonds, pursuant to agreement with most of its debenture holders, by which the maturity of said debentures is to be extended two years until November 1, 1917; and a public hearing having been held upon said application and the Commission finding that applicant's request is reasonable and should be granted to the extent hereinafter set forth, and that the purposes for which applicant desires to issue said notes are chargeable to income, in that they represent interest hereafter to be paid upon applicant's debentures, and it appearing that said notes will not be capitalized, but will be paid out of applicant's income,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that Union Home Telephone and Telegraph Corporation be, and the same is hereby authorized to issue its promissory notes in the total sum of \$21,900; \$5,475. thereof payable May 1, 1916; \$5,475. thereof payable November 1, 1916; \$5,475. thereof payable May 1, 1917; and \$5,475. thereof payable November 1, 1917, being for interest to accrue on its said debenture bonds.

The authority hereby given is subject to the following conditions;

1. Said notes shall be issued only to evidence or represent interest to become due at the above dates upon applicant's said debentures.

2. In the event of payment before November 1, 1917, of any or all of said debentures, any of said notes evidencing or representing unearned interest to become due thereon after the payment of any of said debentures shall be promptly surrendered to applicant and by it cancelled at the time of the payment of said debentures and the interest earned thereon.

3. The authority hereby given to issue promissory notes shall apply only to such promissory notes as may be issued prior to February 1, 1916.

4. Applicant shall report to the Railroad Commission within ten days after the issue of any note hereby authorized to be issued, the fact of the issue of said note or notes and the terms and conditions thereof.

5. Before issuing any of said notes, applicant shall secure the written agreement of all holders of its debentures, to extend the time of maturity of said debentures until November 1, 1917.

6. The authority herein given to issue promissory notes shall not become effective until Union Home Telephone and Telegraph Corporation has paid the fee specified in Section 57 as amended of the Public Utilities Act.

Dated at San Francisco, California, this 27th
day of October, 1915.

Max Theles

H. H. Howard

W. G. Gordon

Edwin O. Edgerton

Frank R. Decker

Commissioners.