

Decision No. ✓

ORIGINAL

Opinion No. 3319

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the Application of
POMONA VALLEY TELEPHONE AND TELEGRAPH
UNION for an order authorizing the
issue of bonds of the face value of
\$100,000.00.

} Application No. 400.

Nichols & Pitzer for applicant.

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION.

Applicant seeks a modification of the order directing the application of the proceeds of the sale of its issue of \$100,000 in 6% bonds contained in Decision No. 494 of March 11, 1913, (Vol. 2, Opinions and Orders of the Railroad Commission of California, p.272).

By said decision applicant was authorized to sell its bonds at par, and \$35,000. face value of its bonds were so sold. The effective date of the order was extended from time to time, and by Decision No. 2163, of February 23, 1915, (Vol. 6, Opinions and Orders of the Railroad Commission of California, p. 196) it was authorized to sell its remaining bonds at 95% of their face value. Under the latter order \$4500. face value of bonds were sold some time ago, and during April 1916, the remaining \$60,000. face value of bonds were sold at that price and the proceeds placed in bank.

During the business depression, owing to the difficulty experienced in selling bonds, it was found advisable to use current revenues for some of the purposes specified in the original order. The following table shows the authorization in the original order, the application of proceeds of bond sales and of revenues to the same purposes, with the modification in the order sought herein:

Purposes used or to be used for	Decision No. 494	Paid from bonds sold	Paid from revenues	Order now desired
Retiring bonds, issue of 1904...	10,000.	6,000	2,000.	2,000.
Retiring coupon notes	40,500.	10,550	} 3,871.22 {	} 5,000. {
Liquidating bills payable	18,500.	10,204.66		
Liquidating open accounts	6,837.	4,320.34	2,616.66	***
Purchase of lot in San Dimas....	4,000.	***	4,000.00	***
Extension and improvement of system.....	20,163.	3,000.		26,425.88
Discount on \$4500 of bonds sold prior to April 1, 1916.....		225.00		
Discount on \$60,000. bonds sold since April 1, 1916.....				3,000.
Total.....	\$100,000.	\$40,000.00	\$12,487.88	\$60,000.00

*Itemized in the order.

Applicant began business in 1904, entering the local field in competition with Pacific Telephone & Telegraph Company, and now occupies the field alone with 4750 telephones installed. It operates in Pomona, Claremont, Chino, Lordsburg and San Dimas. During the period in question applicant has continued to pay dividends, although during the last three years the rate has been 6% per annum instead of 7% and 8% previously paid.

Applicant plans to use the \$26,425.88 shown in the above table for cables, conduits and other improvements chargeable to capital account. The principal expenditure contemplated is for a fireproof building to house its switchboard, which it values at \$25,000, and considers the most efficient and advanced type, with its office and equipment. It has purchased a lot for the purpose and proposes to construct thereon a concrete building, the total investment being estimated at about \$20,000.

FIRST SUPPLEMENTAL ORDER.

POMONA VALLEY TELEPHONE AND TELEGRAPH UNION having applied to the Railroad Commission for authority to use the proceeds of the sale of its 6% bonds otherwise than provided in the order in Decision No. 494 referred to in the opinion, and a public hearing having been held thereon and it appearing to the Commission that the purposes for which applicant now desires to use the said proceeds of said bonds are not reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Pomona Valley Telephone & Telegraph Union be and it is hereby authorized and empowered to apply the \$57,000 proceeds of the sale of the \$60,000. face value of its 6% bonds sold by it at 95% of their face value, as follows:

To retire outstanding bonds of the issue of 1914.....	\$2,000.00
To retire coupon notes.....	5,000.00
For extensions and improvements in system	26,425.88
To pay 7% notes described below.....	23,574.12
	\$57,000.00

Brought forward..... \$57,000.00

	<u>Date Due</u>	<u>Amount</u>	
Alice R. Hodge	January 19, 1915.	\$2000.00	
Emma A. Heath	October 15, 1914.	3000.00	
R. W. Murphy	March 22, 1915.	1000.00	
Simpson Henderson	October 1, 1916.	2500.00	
Kellogg Company	July 22, 1916.	1974.12	
J. A. Dole	December 31, 1916.	9000.00	
Mrs. Laura Fowelson	- Dec. 31, 1916.	2000.00	
" " "	May 4, 1916.	1400.00	
" " "	July 3, 1916.	<u>700.00</u>	
		\$23574.12	<u>\$57,000.00</u>

The authority hereby granted for the payment of bonds and notes shall extend only to such bonds and notes as shall have been paid on or before July 1, 1916.

Applicant shall report to the Railroad Commission in writing on or before the 25th day of each month the application of said proceeds, all in accordance with this Commission's General Order No. 24, which order in so far as applicable is made a part of this order.

Dated at San Francisco, California, this *10th* day of *May* 1916.

H. H. ...
...
Francis R. Dole
Commissioners.