

line will cost approximately \$6,000.00, while the present line - which is carried on applicant's books at \$1200.00 - will have a salvage value of from \$300.00 to \$500.00. Estimating the salvage value at \$400.00, it thus appears that there will be \$800.00 to be written off applicant's capital account in a manner satisfactory to this Commission.

Applicant's capital stock authorized by its Articles of Incorporation and the amount thereof outstanding is as follows:

Capital Stock	Authorized (Par Value)	Outstanding (Par Value)
First preferred	\$ 55,000.00	\$42,294.00
Second preferred	20,000.00	15,217.00
Common	225,000.00	<u>45,000.00</u>
	Total par value of stock outstanding	\$102,511.00

Applicant also has an authorized bonded indebtedness of \$300,000, represented by first mortgage 6-per cent sinking fund 40-year gold bonds, of which \$55,000 face value have been issued; and two 8-per cent promissory notes upon which applicant at present owes a total of \$11,033.46. Of the bonds issued \$12,300 face value are pledged by applicant as security for one of the notes above referred to and \$42,700 face value have been sold to investors.

Applicant's Income Statement for the last two years is as follows:

	<u>1915</u>	<u>1914</u>
Telephone Operating Revenues	\$28,554.46	\$22,999.09
Telephone Operating Expenses	<u>19,485.46</u>	<u>16,207.14</u>
Net Operating Revenue	9,069.00	6,791.95
Non-Operating Revenue	221.25	292.02
Gross Corporate Income	<u>9,290.25</u>	<u>6,993.97</u>

Brought Forward	\$9,290.25	\$6,993.97
<u>Deductions from Income:</u>		
	<u>1915</u>	<u>1914</u>
Interest on Funded Debt	\$2,030.42	\$1,575.00
Other Interest	1,554.31	997.61
Taxes	1,174.32	840.93
Rent	1,069.55	734.58
Amortization	66.36	50.67
Miscellaneous	420.48	213.05
Total Deductions	<u>6,315.44</u>	<u>4,411.84</u>
Net Income	<u>2,974.81</u>	<u>2,582.13</u>

Applicant submitted the following balance sheet as of December 31, 1915.

BALANCE SHEET

of

NEVADA, CALIFORNIA & OREGON TEL. & TEL. CO.

As of December 31, 1915.

Assets

Fixed Capital Installed prior to Jan. 1, 1914...	\$ 65,254.25	
Fixed Capital Installed since Dec. 31, 1913	92,062.71	
Total Fixed Capital	\$157,316.96	
Reserve for accrued depreciation, Cr	4,980.87	
Reserve for amortization of Intangible Capital, Cr	69.99	
Total Credit	\$ 5,050.86	
Net Investment in Fixed Capital		\$152,266.10
Cash		3,167.15
Bills Receivable	\$ 1,765.00	
Due from subscribers and agents	2,037.16	
Miscellaneous Accounts Receivable.....	547.71	
Materials and Supplies	2,294.56	
Total Working Assets		6,644.43
Prepayments	85.49	
Unamortized Debt Discount and Expense	2,586.82	
Total Deferred Debit Items		2,672.31
TOTAL ASSETS		\$164,749.99

Balance Sheet (Cont'd)

Liabilities

Capital Stock	\$102,511.00
Funded Debt	42,700.00
Bills Payable	\$ 14,204.54
Other Current Liabilities	231.45
Taxes Accrued	527.94
Other Accrued Liabilities not due	<u>994.56</u>
Total Working Liabilities ,	\$ 15,958.49
Corporate Surplus Unappropriated	<u>3,580.50</u>
TOTAL LIABILITIES	\$164,749.99

Applicant introduced a statement supported by evidence at the hearing to the effect that it had expended from its income upon capital expenditures between April 1, 1914 and December 31, 1915 the sum of \$3,606.77 for which it requests permission to reimburse its treasury out of the proposed issue.

While applicant wishes to sell these bonds upon a basis which will yield the purchasers an unusually high rate of interest, evidence was introduced to the effect that the prevailing rate of interest for good loans in the territory served by applicant is not less than 8 per cent per annum, and both the treasurer and the president of the company stated that they would use their best efforts to obtain the highest possible price for these bonds. No arrangements have as yet been made for their sale, but the company's officers hope to dispose of the bonds principally among the company's subscribers.

Under all the circumstances we find that the application should be granted.

O R D E R.

Nevada, California & Oregon Telegraph & Telephone

Company having applied to the Railroad Commission for authority to issue 150 of its first mortgage 40-year 6-per cent gold bonds, of the face value of \$100.00 each, at not less than \$80.00 per bond, and a public hearing having been held, and this Commission finding that the purposes for which said bonds or the proceeds thereof are to be used are not in whole or in part reasonably chargeable to operating expenses or to income and that the application should be granted, subject to the conditions hereinafter set forth,

IT IS HEREBY ORDERED that Nevada, California & Oregon Telegraph & Telephone Company be and the same is hereby authorized to issue \$15,000.00 face value of said bonds.

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

(1) Nevada, California & Oregon Telegraph & Telephone Company shall issue said bonds so as to net said company not less than 80% of the face value of the principal thereof in addition to accrued interest thereon.

(2) The proceeds of the bonds herein authorized to be issued shall be applied substantially as follows:

(a) To install a toll line between Alturas and Cedarville, Modoc County, in accordance with detailed estimates annexed to the application in the above entitled matter and marked "Exhibit C"\$5,981.87

(b) To install a telephone exchange at Cedarville in accordance with detailed estimates annexed to the said application and marked "Exhibit D" 2,514.39

(c) To reimburse applicant's treas-

Amount Brought Forward \$8,496.26

URY on account of money expended for
capital account from income between
April 1, 1914 and December 31, 1915,
to be held in applicant's treasury
and not to be expended for other than
capital purposes, except upon a fur-
ther order of this Commission 3,606.77
Total \$12,103.03

(3) The authority herein granted to issue bonds shall apply only to such bonds as shall be issued on or before June 30, 1917.

(4) Within 60 days from the date of this order applicant shall submit a plan satisfactory to this Commission for the amortization of the difference between the salvage value of the present line between Alturas and Cedarville and the amount at which said line is now carried on books of the company.

(5) Nevada, California & Oregon Telegraph & Telephone Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the bonds herein authorized to be issued; and on or before the 25th day of each month the company shall make verified reports to this Commission setting forth the sale or sales during the preceding month, the terms and conditions of the sale, the moneys realized therefrom and the use and application of such moneys, all in accordance with this

Commission's General Order No. 24, which order insofar as applicable is made a part of this order.

(6) This order shall not become effective until the fee prescribed by Section 57 of the Public Utilities Act has been paid.

Dated at San Francisco, California, this 21st.
day of July, 1916.

Max Heles
H. J. ...

Frank R. ...
Commissioners.

Fee Paid \$25.00

Railroad Commission State of California

JUL 27 1916
Charles ...
Secretary