

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the matter of the application
of Southwestern Home Telephone
Company for authority to execute a
promissory note not in excess of
\$7,000.

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)
) Application No. 2248
)
)

Decision No. 3632

Edgar G. Pratt, for applicant.

GORDON, Commissioner.

O P I N I O N

In this application Southwestern Home Telephone Company asks for authority to issue a note or notes in the amount of \$7,000.00 for the purpose of meeting obligations.

In view of the financial difficulties with which this applicant is beset, I believe that it should provide the \$7,000.00 by means of an assessment upon its stockholders. However if for any reason this may not be possible at this time, I am willing to recommend that the applicant be authorized to issue its note or notes for \$7,000.00 in accordance with either one of the following two alternative plans:

(a) That the notes be issued only to applicant's stockholders.

(b) That the notes be issued in part to applicant's stockholders and in part to other parties; such notes as are issued to other parties to provide for the repayment of the principal within one year after January 1, 1917, in monthly installments.

In recommending such a determination of this matter I have in mind what I have hitherto said in regard to this applicant; that it should, as soon as possible, readjust and reorganize its financial affairs.

In accordance with the view herein expressed, I recommend the following form of order:

O R D E R

The Southwestern Home Telephone Company having applied to this Commission for authority to issue its note or notes in the sum of \$7,000.00, as set forth in the foregoing opinion, and a hearing having been held and it appearing to this Commission that the purposes for which it is herein proposed to issue said notes are not in whole or in part reasonably 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 note or notes in the sum of \$7,000.00.

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

(1) The note or notes herein authorized shall mature not later than December 31, 1917 and shall bear interest at a rate not to exceed 8 per cent per annum.

(2) The proceeds received from the note or notes herein authorized to be issued shall be used to repay, either directly or by the reimbursement of applicant's treasury, applicant's indebtedness in the sum of \$7,000.00.

(3) The note or notes herein authorized to be issued shall be issued according to either one of the following alternative methods:

(a) In whole to applicant's stockholders.

(b) In part to applicant's stockholders and in part to other persons or institutions on the condition that at least such notes as shall not be issued to applicant's stockholders shall provide for the payment of the principal of said notes by December 31, 1917, in equal monthly installments, beginning not later than January, 1917.

(4) The applicant shall, on or before the twenty-fifth day of each month, report to this Commission the note or notes issued under this order for the previous month, with a statement of the terms of said note or notes, the principal thereof, the rate of interest, date of maturity and the name of the payee; together with a statement of the use made of the proceeds of said note or notes.

(5) The authority herein given shall apply to such note or notes as shall have been issued on or before January 1, 1917.

(6) The authority herein given is conditioned upon the payment of the fee prescribed under the Public

Utilities Act.

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 8th day of Sept, 1916.

Max Helem
H. H. Hunsaid
W. G. Gordon
Edwin O. Edgerton
Frank R. DeLaney
Commissioners.