

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the matter of the application of SANTA BARBARA TELEPHONE COMPANY for an order authorizing the issue of capital stock and bonds, the execution of a deed of trust and operation under various franchises; of HOME TELEPHONE & TELEGRAPH COMPANY OF SANTA BARBARA COUNTY for an order authorizing the sale of its property to SANTA BARBARA TELEPHONE COMPANY; of HOME TELEPHONE & TELEGRAPH COMPANY OF SANTA BARBARA for an order authorizing the sale of its property to SANTA BARBARA TELEPHONE COMPANY; of SUNSET TELEPHONE AND TELEGRAPH COMPANY for an order authorizing the sale of its property in Santa Barbara County and a part of San Luis Obispo County to THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY; and of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY for an order authorizing the sale of certain of its property to SANTA BARBARA TELEPHONE COMPANY.

Application No. 2265.

THELEN and GORDON, Commissioners.

FIRST SUPPLEMENTAL OPINION

In Decision No. 3747, made and filed on October 2, 1916, in the above entitled proceeding, the Railroad Commission made its order authorizing the consolidation of the telephone properties, with certain exceptions, of the petitioners herein in the County of Santa Barbara and a small portion of the County of San Luis Obispo, subject to the performance of certain acts and the filing of certain stipulations and other documents herein.

Petitioners have now filed herein a supplemental petition in which they allege that they have complied with the conditions in the order in said Decision No. 3747, and ask that

the authority conditionally given in said Decision No. 3747 be now made effective.

Santa Barbara Telephone Company will be referred to herein as the Santa Barbara Company, The Pacific Telephone and Telegraph Company as the Pacific Company, Home Telephone and Telegraph Company of Santa Barbara as the City Company, Home Telephone and Telegraph Company of Santa Barbara County as the County Company and Sunset Telephone and Telegraph Company as the Sunset Company.

In response to the condition in the order in said Decision No. 3747 providing that petitioners shall submit to the Railroad Commission a revised plan with reference to the amount and character of capital stock to be issued by the Santa Barbara Company in exchange, in whole or in part, for the properties to be acquired by it, petitioners allege as follows:

- 1.--That the Santa Barbara Company has amended its articles of incorporation so as to change the terms ~~and~~ of preference of its preferred capital stock by making it "non-cumulative" instead of "cumulative";
- 2.--That petitioners have agreed upon a revised plan by which the amount of preferred capital stock of the Santa Barbara Company to be issued to the Pacific Company shall be reduced from \$315,000.00, par value, to \$276,000.00 par value, the amount of preferred capital stock of the Santa Barbara Company to be issued to the City Company shall be reduced from \$88,000.00 to \$74,000.00, and the amount of common capital stock of the Santa Barbara Company to be issued to the City Company shall be increased from \$66,000.00 to \$80,000.00;  
and the Pacific Company
- 3.--That the Santa Barbara Company/stipulate that the amount of the capital stock of the Santa Barbara Company to be issued in pursuance of the plan of consolidation herein presented shall not be taken before the Railroad Commission

or any other public authority as representing for rate fixing or any other purpose the fair value of the property.

Petitioners submit a form of deed from the Pacific Company to the Santa Barbara Company, revised so as to include in the property to be conveyed all franchise rights under Ordinance No. 725 of the City of Santa Barbara, adopted on March 7, 1912.

Petitioners submit a form of connecting agreement between the Pacific Company and the Santa Barbara Company in which the Pacific Company agrees that it will not during the life of the agreement, or until authorized so to do by the Railroad Commission, engage in the local exchange telephone or telegraph business in the territory affected. The approval of the plan of consolidation herein shall not be deemed to preclude the Railroad Commission from investigating and, if found necessary, from changing any or all the provisions of said agreement.

Petitioners have filed the stipulations as required, reciting that they, their successors and assigns, will never claim for the franchises to be assigned any ~~amount~~<sup>value</sup> in excess of the consideration paid, in the first instance, by the respective grantees to the public authorities who granted said franchises.

The conditions specified in the order in said Decision No. 3747 have now been complied with.

We submit the following form of First Supplemental Order:

#### FIRST SUPPLEMENTAL ORDER

Petitioners herein having performed to the satisfaction of the Railroad Commission all matters specified as conditions precedent in the order in Decision No. 3747, made and filed on October 2, 1916, in the above entitled proceeding,

IT IS HEREBY ORDERED as follows:

1. Home Telephone & Telegraph Company of Santa Barbara is hereby authorized to sell and convey to Santa Barbara Telephone Company all the lands, property and rights of Home Telephone & Telegraph Company of Santa Barbara, except the right to be a corporation, the lands to be conveyed including those two parcels of real property which are specifically described in Exhibit No. 1 which is attached to and made a part of this order.

2. Home Telephone & Telegraph Company of Santa Barbara County is hereby authorized to sell and convey to Santa Barbara Telephone Company all the lands, property and rights of Home Telephone & Telegraph Company of Santa Barbara County, except the right to be a corporation.

3. Sunset Telephone & Telegraph Company is hereby authorized to sell and convey to The Pacific Telephone & Telegraph Company for the sum of \$10.00 in cash all the lands, property and rights of Sunset Telephone & Telegraph Company in Santa Barbara County and in that part of San Luis Obispo County known as Rancho Guadalupe, including the rights of Sunset Telephone & Telegraph Company under Ordinance No. 57 of the Town of Lompoc, approved April 17, 1893 and Ordinance No. 293 of the City of Santa Barbara, approved February 7, 1896.

4. The Pacific Telephone and Telegraph Company is hereby authorized to sell and convey to Santa Barbara Telephone Company the lands, property and rights which are <sup>specifically</sup> described in Exhibit No. 2, which is attached to and made a part of this order.

5. Home Telephone & Telegraph Company of Santa

Barbara is hereby authorized to sell and convey to Santa Barbara Telephone Company and Santa Barbara Telephone Company is hereby authorized to acquire 2000 shares of the capital stock of Home Telephone & Telegraph Company of Santa Barbara County, having a par value of \$200,000.00, which shares of capital stock are owned and controlled by Home Telephone & Telegraph Company of Santa Barbara.

6. Santa Barbara Telephone Company is hereby authorized to issue to Home Telephone and Telegraph Company of Santa Barbara, in part payment for the property to be conveyed by Home Telephone and Telegraph Company of Santa Barbara to Santa Barbara Telephone Company, and Home Telephone and Telegraph Company of Santa Barbara is hereby authorized to acquire and hold preferred capital stock of Santa Barbara Telephone Company of the par value of \$74,000.00, and common capital stock of the par value of \$80,000.00.

7. Santa Barbara Telephone Company is hereby authorized to issue to The Pacific Telephone and Telegraph Company, in consideration for the property to be conveyed by The Pacific Telephone and Telegraph Company to Santa Barbara Telephone Company, and The Pacific Telephone and Telegraph Company is hereby authorized to acquire and hold preferred capital stock of Santa Barbara Telephone Company of the par value of \$276,000.00.

8. Santa Barbara Telephone Company is hereby authorized to execute to Los Angeles Trust and Savings Bank its deed of trust or mortgage in substantially the form of Exhibit F attached to the original petition herein, to secure the issue of 5 per cent 30-year gold bonds of the face value of \$700,000.00, and to issue its bonds secured by such deed of trust as follows:

- (a) Santa Barbara Telephone Company is hereby authorized to issue its 5 per cent 30-year first mortgage bonds of the face value of \$100,000.00, to net in cash not less than 90 per cent of their face value, plus ac-

crued interest, and to use the proceeds for the following purposes and not otherwise:

- (1) In partial payment for the property to be conveyed by Home Telephone and Telegraph Company of Santa Barbara County, proceeds not to exceed..... \$ 32,500.00
- (2) In partial payment for the property to be conveyed by Home Telephone and Telegraph Company of Santa Barbara, proceeds not to exceed..... 15,000.00
- (3) In partial satisfaction of bonds of Home Telephone and Telegraph Company of Santa Barbara, proceeds not to exceed..... 1,000.00
- (4) For working capital, proceeds not to exceed ..... 41,500.00

(b) Santa Barbara Telephone Company is hereby authorized to issue its first mortgage 5 per cent 30-year bonds of the face value of \$169,000.00, and to pay the sum of \$1,000.00 in cash, in exchange for the entire outstanding issue of \$200,000.00, face value, of bonds of Home Telephone and Telegraph Company of Santa Barbara.

(c) Santa Barbara Telephone Company is hereby authorized to issue its first mortgage 5 per cent 30-year bonds of the face value of \$127,500.00 in exchange for the entire outstanding issue of bonds of Home Telephone and Telegraph Company of Santa Barbara County, amounting to \$150,000.00.

(d) Santa Barbara Telephone Company is hereby authorized to issue its first mortgage 5 per cent 30-year bonds, from time to time, of the face value of \$1,000.00, \$500.00, and \$100.00 in exchange for its bonds of lower denominations, but of an equivalent par value,

in so far as such bonds of lower denominations may be issued under the order herein.

- (e) Santa Barbara Telephone Company is hereby authorized to issue one share of common capital stock to each of five directors for the compensation of \$100.00 per share, the proceeds to be used for working capital.

9. Santa Barbara Telephone Company is hereby authorized to make effective the rates, rules and regulations heretofore filed by said company with the Railroad Commission.

The authority herein granted is granted subject to the following conditions:

1. Within 30 days after the execution of each deed of conveyance herein authorized to be executed, respectively, a certified copy of such deed shall be filed herein.

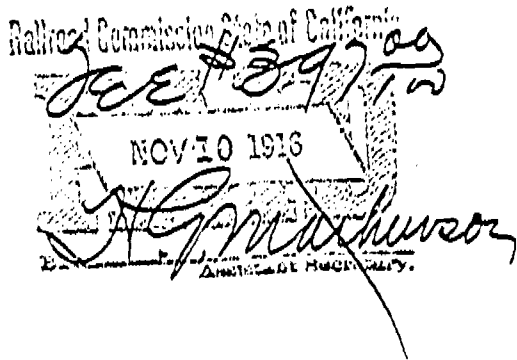
2. Santa Barbara Telephone Company shall keep separate, true and accurate accounts, showing the receipt and application in detail of the proceeds of the sale of the bonds and capital stock herein authorized to be issued, and on or before the twenty-fifth day of each month the company shall make verified reports to the Railroad Commission, stating the sale or sales of said bonds and capital stock 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 in so far as applicable is made a part of this order.

3. The authority herein given to Santa Barbara Telephone Company to issue bonds shall not become effective until the fee specified by Section 57 of the Public Utilities Act has been paid.

4. The authority herein given to issue capital stock and bonds shall apply only to capital stock and bonds issued on or before May 1, 1917.

The foregoing opinion and order are hereby approved and ordered filed as the First Supplemental Opinion and Order of the Railroad Commission.

Dated at San Francisco, California, this 6th  
day of November, 1916.



Max Thelen  
J. D. Howland  
Lee Gordon  
Edwin O. Edgerton  
Frank R. Holman  
Commissioners.



EXHIBIT NO. 1.

All that certain real property situate, lying and being in the City of Santa Barbara, County of Santa Barbara, State of California, and more particularly described as follows:

Commencing at a point in Block number One Hundred fifty-eight (158) in the southeasterly line of Carrillo Street, distant thereon one hundred and fifty (150) feet southwesterly from the southerly corner of Carrillo and State Streets, and running thence at right angles into said block and parallel with State Street, one hundred sixteen (116) feet three and one-half ( $3\frac{1}{2}$ ) inches to an alleyway twenty (20) feet in width; thence at right angles southwesterly and parallel with Carrillo Street and along said alleyway thirty (30) feet; thence at right angles northwesterly and parallel with State Street one hundred sixteen (116) feet three and one-half ( $3\frac{1}{2}$ ) inches to a point in the southeasterly line of Carrillo Street; thence along said Carrillo Street northeasterly thirty (30) feet to the point of beginning.

All that certain real property situate, lying and being in the County of Santa Barbara, State of California, and more particularly described as follows:

Beginning at a point on the south line of the County Road running from the Hot Springs Avenue to San Ysidro Road, distant four hundred and forty (440) feet, north eighty-four (84) degrees east, from the west corner of that certain tract of land conveyed by Thomas Hoerner and wife to the First Presbyterian Church of El Montecito, by deed dated January 24th, 1891, and recorded in the office of the County Recorder of Santa Barbara County in Book 29 of Deeds, page 537, said point being also the east corner of that certain tract conveyed by the parties of the first part to Percy O. Buell, by deed dated March 10th, 1900, and recorded in said Recorder's office in Book 70 of Deeds, page 115, and running thence south and along the east line of said lot so conveyed to Percy O. Buell, one hundred and ninety-eight (198) feet; thence north eighty-four (84) degrees east and parallel with the said County Road, thirty (30) feet; thence at right angles north and parallel with the east line of lot so conveyed to

Percy O. Buell, one hundred and ninety-eight (198) feet to the south line of said County Road; thence at right angles south eighty-four (84) degrees west, along said County Road, thirty (30) feet to the place of beginning.

TOGETHER with all the tenements, hereditaments and appurtenances belonging, or in anywise appertaining, to the two parcels of real property herein described.

EXHIBIT NO. 2.

FIRST: That certain franchise granted by the City of Santa Maria to The Pacific Telephone and Telegraph Company by Ordinance No. 41; passed August 19, 1912;

SECOND: That certain franchise granted by the Town of Lompoc to Sunset Telephone and Telegraph Company by Ordinance No. 57, passed April 17, 1893;

THIRD: That certain franchise granted by the City of Santa Barbara to Sunset Telephone and Telegraph Company by Ordinance No. 293, passed February 7, 1896;

FOURTH: All that real property situate, lying and being in the City of Santa Barbara, State of California, and more particularly described as follows, to-wit:

Commencing at the northerly corner of De La Guerra and Chapala Streets, thence northwesterly along the northern line of Chapala Street one hundred fifty-five and thirteen one-hundredths (155-13/100) feet; thence at right angles northeasterly fifty (50) feet; thence at right angles southeasterly one hundred and fifty-five and thirteen one-hundredths (155-13/100) feet to the northerly line of De La Guerra Street and thence southwesterly along the westerly line of De La Guerra Street fifty (50) feet to the point of commencement, being part of City Block No. One Hundred and seventy-five (175) of the City of Santa Barbara.

TOGETHER with all and singular, the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the remainder and remainders, reversion and reversions, rents, issues and profits thereof.

FIFTH: All of the poles, lines, wires, cables, conduits, switchboards and other plant and property, and all the easements and rights of way owned by The Pacific Telephone and Telegraph Company and used by it in furnishing telephone service in the County of Santa Barbara, State of California, and in that portion of the County of San Luis Obispo known as Rancho Guadalupe, except the following property of The Pacific Telephone and Telegraph Company:

1. The through toll pole lines.
2. The through toll aerial wires, including the Santa Barbara-Santa Maria loop, which is used as one of the physical loops on which a through phantom circuit is set up.
3. The subscribers' stations, which are duplicated by stations of Home Telephone & Telegraph Company of Santa Barbara and Home Telephone & Telegraph Company of Santa Barbara County.
4. The equipment in the offices at Montecito, Santa Ynez, Los Olivos, Lompoc, Los Alamos and Guadalupe.
5. The plant comprising the office entrances at Montecito and Lompoc.