

Decision No. _____.

ORIGINALBEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

Decision No. 4225

In the Matter of the Application
of LINDSAY HOME TELEPHONE AND
TELEGRAPH COMPANY for an order
authorizing the sale of \$2200 of
its "Series B" bonds.

Application No. 2802.

A. M. Robertson, for Applicant.

BY THE COMMISSION.

OPINION

This is an application by Lindsay Home Telephone and Telegraph Company for an order authorizing it to sell \$2200 face value of its "Series B" 6% bonds, at 93, for the purposes hereinafter specified.

A public hearing was held at Lindsay, Tulare County, on March 27th, 1917, before Examiner Bancroft.

On August 28th, 1916, this Commission, by Decision No. 3602, authorized Lindsay Home Telephone and Telegraph Company, under Application No. 2324, to execute a mortgage or deed of trust of all of its property to Bank and Trust Company of Central California to secure a bonded indebtedness of \$15,000.00 face value of serial 6% bonds of \$100 each maturing from 1919 to 1933 inclusive, and to issue and sell

\$7,800.00 face value of said bonds at not less than 93% of their face value, for the purposes of refunding certain notes and of providing funds for changing its magneto equipment to a common battery equipment.

On December 13, 1916, in a supplemental order under said Application No. 2324, by Decision No. 3927, the Commission authorized Lindsay Home Telephone and Telegraph Company to provide in its deed of trust that \$7,800.00 face value of bonds, designated as "Series A" bonds, should mature serially from 1919 to 1933, inclusive, while the remaining \$7,200.00 face value of bonds, designated as "Series B" bonds, should mature in 1933. Under authority of Decision No. 3602 (supra) applicant has issued and sold all of its "Series A" bonds, and it now desires to sell \$2200.00 face value of its "Series B" bonds at 93 and to use the proceeds for the following purposes:

To Western Electric Company for amount due on additions to applicant's equipment in 1916	\$ 185.64
To pay Kellogg Switch-Board and Supply Company for additions to equipment in 1916	289.83
First payment on building to be occupied by applicant	500.00
To readjust cables and open wire leads	<u>1 070.53</u>
Total	\$ 2 046.00

Applicant has made arrangements to sell to Bank & Trust Company of Central California at 93 all the bonds which it is requesting authority to issue under this application.

Since the filing of the application the Company had to make its first payment on its new building, the money therefor being advanced by Mr. Robertson, the Company's President, upon a one-day promissory note. Of the item

for readjusting cables and open wire leads, it appears that approximately \$400.00 will be used for needed leads and that approximately \$670.00 will be used for readjusting and installing new cables in applicant's new building. In this connection, A. M. Robertson, applicant's President, testified that old cables and material standing on the books of the company at approximately \$400.00 would have to be discarded, the junk value of which would be approximately \$150.00. Under these circumstances, as the Commission suggested at the hearing, applicant should apply \$250.00 of its operating revenue to writing off this difference between the book value and the junk value of this material.

Applicant submitted a statement showing its total capital stock to consist of \$25,000.00 face value of common stock, all of which was issued prior to the creation of the Railroad Commission, and its total outstanding funded indebtedness to consist of its issue of \$7,800.00 of "Series A" 6% bonds, its only other indebtedness outside of current bills for supplies and materials being \$185 due Western Electric Company and \$289.83 due Kellogg Switch-Board & Supply Company.

Mr. Robertson testified that applicant had been paying \$30.00 per month rental for its present quarters, that the landlord notified the company that its rent would be increased to \$35.00 per month and later to \$40.00 per month; that the new one-story brick building which applicant is buying covers a lot 30 by 50 feet with sidewalk and street work installed; that the lot was valued at \$2000.00 and that the building actually cost \$2079.00. The building was built by the owner of the lot and the Company is buying the improved premises under a contract price of \$4000.00, paying \$500.00 down and the balance in monthly installments of \$40.00 each, which includes interest at the rate of 7% upon the unpaid

balances. Under all the circumstances we are of the opinion that the application should be granted, subject to the conditions and modifications set forth in the following order.

O R D E R

LINDSAY HOME TELEPHONE AND TELEGRAPH COMPANY having applied to the Railroad Commission for authority to issue and sell \$2200.00 face value of its "Series B" bonds and a public hearing having been held and the Commission finding that the money, property or labor to be procured or paid for by such issue is reasonably required for the purposes specified in this order and that such purposes are not in whole or in part reasonably chargeable to operating expenses or income, and that the application should be granted subject to the modifications and conditions hereinafter set forth.

IT IS HEREBY ORDERED that Lindsay Home Telephone and Telegraph Company be, and the same is hereby, authorized to issue and sell 20 of its "Series B" 6% bonds of the face value of \$100.00 each. The authority herein granted is granted upon the following conditions and not otherwise:

1. Lindsay Home Telephone and Telegraph Company shall issue said bonds so as to net said Company not less than 93 % of the face value of the principal thereof in addition to accrued interest.

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

To pay amount due Western Electric Company	\$185.64
To pay amount due Kellogg Switch-Board and Supply Company	289.83
To pay note of applicant to A. M. Robertson for money advanced for first payment on new building	500.00
To pay for readjustment and installation of new cables and wire leads	820.53
To be retained in applicant's treasury and not to be used except for future additional capital expenditures	<u>64.00</u>
Total	\$ 1 860.00

3. The authority herein granted to issue said bonds shall apply only to such bonds as shall have been issued and sold on or before September 30th, 1917.

4. Applicant shall report to this Commission, within thirty (30) days after the issue of the bonds herein authorized, the face value of the bonds so issued, the net amounts received therefor and the disposition of the proceeds thereof, 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.

5. This order shall not become effective until applicant has paid the fee specified in section 57 of the Public Utilities Act.

Dated at San Francisco, California this 3d day of April, 1917.

Rollred Commission, State of California

Fee \$25.00

APR 5 1917

BY J. M. Robertson
Assistant Secretary

Max Thelen
J. D. Loveland
Alvin J. ...

COMMISSIONERS.