

Decision No.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application of the DOWNEY HOME TELEPHONE & TELEGRAPH COMPANY, a corporation, for an order authorizing the issuance of \$15,000 par value capital stock of the company, and the delivery of the same to the bondholders of the company in exchange for \$15,000 par value of its outstanding bonds.

Application No. 3401.

Benjamin E. Page and Arthur C. Hurt  
for applicant.

BY THE COMMISSION:

O P I N I O N

Downey Home Telephone & Telegraph Company applies for authority to issue \$15,000 par value of its capital stock in exchange for the total outstanding issue of \$15,000 of its 5% bonds. The company operates in Los Angeles County in the unincorporated towns of Downey, Norwalk, Artesia and Bellflower and in intervening territory, having about sixty miles of pole lines and about 602 subscribers.

A public hearing upon the application  
was held by Examiner Westover at Los Angeles, January

3, 1918.

Applicant was incorporated in April, 1905, with an authorized capital stock of \$50,000 divided into 500 shares of the par value of \$100 each. It has an authorized bonded indebtedness of \$50,000.

Soon after its incorporation applicant acquired its plant and system from the Independent Construction Company, paying therefor \$25,000 par value of its stock, \$15,000 face value of its 5% bonds and issuing its note for \$5,000. No other stock or bonds have been issued but the above amounts are now outstanding.

Applicant wishes to retire all bonds, satisfy its deed of trust which secures their payment, procure a reconveyance of its property and have the trustee under the deed of trust repay to it the \$1153.98 now in the sinking fund in the hands of the trustee. All of the stockholders consent to the exchange and the holders of all of its bonds, except a single holder of bonds of the face value of \$200, who demands par and interest in cash. Under the sinking fund provision of the deed of trust the trustee is authorized to buy bonds from the lowest bidder, after advertising. Under the circumstances, applicant should be authorized to pay par, and accrued interest in cash for said \$200 in bonds if that course becomes necessary. It expects, however, to sell \$200. par value of stock at par and use the proceeds to purchase \$200 face value of bonds at par if exchange of stock for bonds can not be made directly.

## O R D E R

DOWNEY HOME TELEPHONE & TELEGRAPH COMPANY, a corporation, having applied to the Railroad Commission for an order substantially to the effect of that set forth below, and a public hearing having been held upon said application and the Commission finding that property to be procured by such issue of stock is reasonably required for the purposes specified in the order herein and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Downey Home Telephone and Telegraph Company be and it is hereby authorized to issue not to exceed 150 shares of its capital stock of the par value of \$100 per share at par, and use said stock or the proceeds thereof to retire the \$15,000 face value of its 5% bonds heretofore issued; to obtain a release of the deed of trust given to secure the payment of applicant's said bonds, and a reconveyance to applicant by the trustee in said deed of trust of applicant's property described therein, and the repayment to applicant of all moneys now on deposit with said trustee in the sinking fund created by the terms of said deed of trust.

The authority herein contained is granted upon the following conditions:

1. Said stock shall be issued at a price which will net to applicant the par value thereof without discount or commission.
2. For any bonds purchased for cash applicant shall not pay in excess of par and accrued interest nor pay any commission in the transaction.
3. Downey Home Telephone & Telegraph Company shall keep separate, true and accurate accounts showing the issue of said stock and the acquisition of said bonds, and on or before the 25th day of each month it shall make verified reports to the Railroad Commission showing the stock issued

and the bonds procured and any money which may have been paid therefor during the preceding month and the disposition made of said bonds, all in accordance with this Commission's General Order No. 24, which order insofar as applicable is made a part hereof.

4. The authority herein granted to issue stock and to purchase bonds shall apply only to such stock as shall have been issued and such bonds as shall have been acquired within ninety (90) days from date hereof.

Dated at San Francisco, California, this 8th  
day of January, 1918.

W. B. Leland  
W. B. Leland  
Edwin O. Edgerston  
Frank R. Dyer  
Commissioners.