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ORIGINAL

Decision No. 5081-

Decision No. _____.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

* * *

In the Matter of the Application of)
SOUTHWESTERN HOME TELEPHONE COMPANY,)
a corporation, asking permission to) Application Number 3055.
issue other securities in place of)
bonds and provide for payment of)
floating debt.)

BY THE COMMISSION.

FIRST SUPPLEMENTAL ORDER.

WHEREAS, applicant in the above entitled matter has asked the Railroad Commission to modify its order in Decision Number 5057, dated January 18, 1918, so as to permit it to pledge bonds to secure the payment of deferred interest certificates ^{to be} issued in lieu of April interest coupons and thus secure the payment of amounts actually advanced to the company by its bondholders; and

WHEREAS, it appears to the Railroad Commission that applicant's request is reasonable and that the order of the Commission should be modified as hereinafter set forth,

IT IS HEREBY ORDERED that, that portion of the order in Decision Number 5057, dated January 18, 1918, reading:

"It is hereby further ordered that Southwestern Home Telephone Company be, and it is hereby, granted authority to pledge \$177,500.00 of bonds to secure the payment of the 2-year 6 per cent notes herein authorized to be issued, provided that said bonds be pledged in the same ratio as at present to secure the payment of the notes to be refunded, and provided further, that upon the payment of said notes, or any notes to be refunded through the issue of the notes herein authorized to be issued, bonds pledged

as security therefor shall be returned to applicant's treasury in such an amount so that the ratio of the face value of the bonds remaining in pledge to the face value of the unpaid notes shall be substantially as two to one. Any bonds returned to applicant's treasury through the payment of notes, shall be hereafter issued only upon further order of the Railroad Commission."

be, and the same is hereby, amended so as to read:

"It is hereby further ordered that Southwestern Home Telephone Company be, and it is hereby, granted authority to pledge \$177,500.00 of bonds to secure the payment of the 2-year 6 per cent notes herein authorized to be issued, provided that said bonds be pledged in the same ratio as at present to secure the payment of the notes to be refunded, and provided further, that upon the payment of said notes, or any of the notes to be refunded through the issue of the notes herein authorized to be issued, bonds pledged as security therefor shall be returned to applicant's treasury in such an amount so that the ratio of the face value of the bonds remaining in pledge to the face value of the unpaid notes shall be substantially as two to one. Of the bonds returned to applicant's treasury through the payment of the aforesaid notes by means of moneys contributed and advanced by the stockholders, noteholders and bondholders; applicant may issue and pledge from year to year with the trustee under the proposed financial plan outlined in Decision Number 5057 such an amount of said bonds as may be necessary to secure the payment of the moneys advanced by the bondholders; said bonds to be pledged in the ratio of approximately \$2,000.00 of face value of bonds for each \$1,000.00 advanced by the bondholders and represented by applicant's certificates. As applicant's certificates issued in lieu of surrendered April interest coupons are being paid off, and the interest coupons cancelled, bonds pledged as security for the payment of the same shall be returned to applicant's treasury in such an amount so that the ratio of the face value of the bonds remaining in pledge with the trustee to the face value of applicant's certificates shall be substantially as two to one. - the bonds so returned to applicant's treasury shall thereafter be issued only upon further order of the Railroad Commission."

IT IS HEREBY FURTHER ORDERED that Condition Number 5 of the order in Decision Number 5057, dated January 18, 1918, reading:

"The authority herein granted shall apply only to such notes, bonds and trustee's certificates as may be issued on or before November 30, 1918."

be, and the same is hereby, amended so as to read:-

"The authority herein granted shall apply only to such notes and applicants certificates as may be issued on or before March 1, 1919, and to such bonds as it may be necessary to issue to carry out the financial plan referred to in said Decision Number 5057, dated January 18, 1918."

IT IS HEREBY FURTHER ORDERED that the order in Decision Number 5057, dated January 18, 1918, shall remain in full force and effect except as modified by this First Supplemental Order.

Dated at San Francisco, California, this 29th day of January, 1918.

Max Thelen
H. D. Loveland
Edwin O. Edgerton
Frank R. Hickey
Commissioners.