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Decision No. \_\_\_\_\_

ORIGINAL

Decision No. 51199

BEFORE THE RAILROAD COMMISSION  
OF THE STATE OF CALIFORNIA.

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In the Matter of the Application	)
of SANTA MONICA BAY HOME TELEPHONE	)
COMPANY for an order authorizing	)
the issue of \$147,000 of its bonds	) Application No. 3658.
to refund a like amount of bonds	)
issued by Home Telephone and Telegraph	)
Company of Santa Monica and Ocean Park.	)

L. C. Torrance for applicant.

BY THE COMMISSION:

O P I N I O N

Santa Monica Bay Home Telephone Company applies for an order authorizing the issue of \$147,000 face value of its 5% bonds in exchange for a like amount of bonds heretofore issued by Home Telephone and Telegraph Company of Santa Monica and Ocean Park and now constituting a first lien on a large part of the properties of applicant, making applicant's present bond issue a first lien on the property.

A public hearing in the matter was held by Examiner Westover at Los Angeles.

Home Telephone and Telegraph Company of Santa Monica and Ocean Park was organized in 1904 with a capital stock of \$250,000, all common, and an authorized bond issue of \$150,000. All of the stock and bonds were issued and subsequently \$3,000 face value of bonds was retired through the

sinking fund, leaving \$147,000 face value of bonds outstanding.

Thereafter, in 1907, that company being unable to further finance its operations, the applicant, Santa Monica Bay Home Telephone Company, was organized with a capital stock of \$250,000 preferred, and \$250,000 common, and an authorized bonded indebtedness of \$500,000.

In 1907, applicant purchased all of the assets, property and franchises of the Home Company and has since that time operated the property, together with extensions as constructed, and now serves in Santa Monica, Venice, Sawtelle and vicinity, Los Angeles County, having about 2000 subscribers. The consideration for the transfer of the system to applicant was the issue by it of \$125,000 par value of its preferred stock and the assumption of the debts of the old company, including \$147,000 face value of bonds of the Home Company then outstanding.

Applicant has issued a total of \$207,000 par value of its preferred stock, of which \$31,500 has been purchased by it upon assessment sales and placed in its treasury, leaving now outstanding a total of \$175,500 face value.

Applicant has also heretofore issued \$35,500 face value of its 5% bonds, \$1500 face value of which have been retired through the sinking fund provided in its deed of trust securing their payment, leaving \$34,000 face value of bonds now outstanding.

Applicant presented testimony showing an investment in the plant up to the time it was acquired by it of \$166,165.31, that it added \$119,735.79 between that date and April 1, 1918, making a total capital investment of \$285,901.10.

The bonds of the old company which applicant wishes to retire mature in 1935 and are subject to call after February 1, 1915 at 105 and interest. No general arrangement has yet been made with bondholders for an exchange of bonds, but applicant reports that some of the largest bondholders favor the exchange and is confident that all the bondholders, of which there are about 60 will favor the plan.

O R D E R

SANTA MONICA BAY HOME TELEPHONE COMPANY

having applied to the Railroad Commission for authority to issue \$147,000 face value of its first mortgage 5% bonds, and a public hearing having been held thereon and it appearing to the Commission that the proceeds of said bonds of applicant are reasonably required by it for the purposes specified in the order, which purposes are not chargeable to operating expenses or to income.

IT IS HEREBY ORDERED that Santa Monica Bay Home Telephone Company be and it is hereby authorized to issue \$147,000 face value of its 5% bonds and use the proceeds thereof for the purpose of acquiring from time to time \$147,000 face value of the 5% first mortgage bonds heretofore issued by Home Telephone and Telegraph Company of Santa Monica and Ocean Park, now constituting a first lien upon part of the property of said Santa Monica Bay Home Telephone Company.

The above authority is granted upon the following conditions:

1. Said first mortgage bonds of Home Telephone and Telegraph Company of Santa Monica and Ocean Park when acquired shall be canceled and the lien

of any mortgage or deed of trust securing the payment of said bonds released of record.

2. Nothing herein contained shall be construed as a finding by the Railroad Commission of the value of applicant's property.

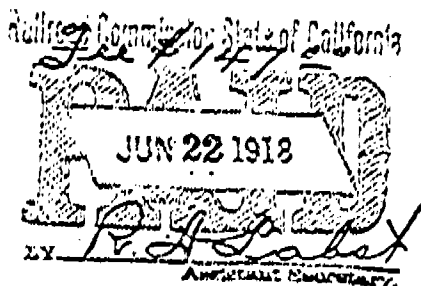
3. On or before the 25th day of each month applicant shall make verified report to the Commission of the fact and date of issue of any bonds issued hereunder and the application of the proceeds thereof, all in accordance with this Commission's General Order No. 24, which order in so far as applicable is made a part of this order.

4. The authority herein granted shall apply only to bonds issued on or before January 1, 1919.

5. The authority herein granted is conditioned upon the payment by applicant of the fee prescribed by the Public Utilities Act.

Dated at San Francisco, California, this 19th day of June, 1918.

Edwin C. Edgerton  
W. H. Rowland  
Chas. Gordon



Commissioners.