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Decision No. _____

ORIGINAL

Decision No. 5504

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the Application of)
UNION HOME TELEPHONE AND TELEGRAPH)
CORPORATION for permission to renew) Application Number 2984.
notes and substitute collateral)
therefor.)

W.W. Butler for applicant.

EDGERTON, Commissioner.

O P I N I O N .

UNION HOME TELEPHONE AND TELEGRAPH CORPORATION asks authority to issue one-year 7 per cent notes having an aggregate face value of \$23,500.00 for the purpose of paying or refunding a \$23,500.00 indebtedness represented by notes set forth in Exhibit "A" attached to the petition herein, and to pledge bonds to secure the payment of said notes.

Of the \$23,500.00 indebtedness, \$19,500.00 is secured by the deposit of \$37,000.00 of applicant's first mortgage bonds and \$8,500.00 of applicant's 6 per cent debenture bonds. The debenture bonds are in turn secured by \$21,250.00 of first mortgage bonds, so that in effect the \$19,500.00 of notes are secured by \$58,250.00 of first mortgage bonds. The original notes were issued and the bonds pledged prior to the effective date of the Public Utilities Act.

Applicant now proposes to pledge \$50,000.00 of its first mortgage bonds to secure \$20,500.00 of the notes listed in Exhibit "C" attached to the petition herein: -\$3,000.00 of the

notes set forth in Exhibit "C" are unsecured.

The authority herein granted should not be interpreted as an approval of a policy favoring the pledging of bonds at a ratio of two to one, or more. If any payments are made on the notes herein authorized, a proper proportion of the bonds pledged should be returned to applicant's treasury and hereafter issued only upon further order of the Commission.

I herewith submit the following form of Order.

O R D E R.

UNION HOME TELEPHONE AND TELEGRAPH CORPORATION having applied to the Railroad Commission for authority to issue notes and bonds and to pledge said bonds as collateral, and a hearing having been held,

IT IS HEREBY ORDERED that UNION HOME TELEPHONE AND TELEGRAPH CORPORATION be, and it is hereby, granted authority to issue notes and first mortgage bonds and pledge said bonds as follows:

<u>P a y e e</u>	<u>Face of Note</u>	<u>Number of First Mortgage Bonds of Union Home Tel. & Tel. Company to be pledged as collateral</u>
San Bernardino National Bank, . . .	\$1,000.00, . . .	#1562-1563-1564
The John M.C. Marble Co.,	2,500.00, . . .	#1565-1568 both incl. and 1534
The John M.C. Marble Co.,	5,000.00, . . .	#1524-1533, incl.
National Bank of California,	1,000.00, . . .	None
Kellogg S. & S. Company,	3,000.00, . . .	#1545-1552, incl.
Kellogg S. & S. Company,	2,000.00, . . .	#1516-1520, incl.
Kellogg S. & S. Company,	4,000.00, . . .	#1506-1515, incl.
National Bank of California,	1,000.00, . . .	None
The John M.C. Marble Co.,	1,000.00, . . .	None
First National Bank of Long Beach, .	1,000.00, . . .	#1521-1523, incl.
First National Bank of Long Beach, .	2,000.00, . . .	#1535-1540, incl.

The authority herein granted is granted upon the following conditions and not otherwise:

- (1).-- The proceeds obtained through the issue of the notes herein authorized shall be used to pay or refund the notes

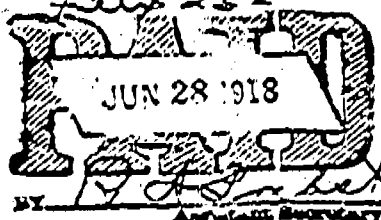
listed in Exhibit "A" attached to the petition herein.

- (2).-- If any payments are made on the notes herein authorized to be issued, there shall be returned to applicant's treasury a proper proportion of the bonds pledged as collateral, said bonds to be issued thereafter only upon further order of the Railroad Commission.
- (3).-- Union Home Telephone and Telegraph Corporation shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds from the issue of the notes herein authorized, and on or before the twenty-fifth day of each month the company shall make a verified report to the Commission in accordance with the Commission's General Order Number 24, which order, in so far as applicable, is made a part of this order.
- (4).-- The authority herein granted shall not become effective until applicant has paid the fee prescribed by the Public Utilities Act.
- (5).-- The authority herein granted shall apply only to such notes and bonds as may be issued on or before September 1, 1918.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 24th day of June, 1918.

Railroad Commission of the State of California



Edwin O. Edgerton
H. D. Howard
Francis R. White

Commissioners.