

Decision No. 5817-

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

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In the Matter of the Application of)
THE LINDSAY HOME TELEPHONE AND TELEGRAPH)
COMPANY for an order authorizing it to) Application Number 3878.
sell a part of its Series "B" bonds to)
pay off notes and current bills for ma-)
terial used in its plant.)

C.H. Button for applicant.

LOVELAND, Commissioner.

O P I N I O N.

The Lindsay Home Telephone and Telegraph Company asks authority to issue \$2,300.00 face value of its Series "B" 6 per cent bonds payable December 1, 1933.

Applicant submitted a statement showing assets and liabilities as of June 30, 1918, as follows:

ASSETS:

Fixed Capital,.....	\$45,929.99	
Less Depreciation,.....	<u>8,735.76</u>	
Net Fixed Capital,.....		\$37,194.23
Current Assets,.....		1,077.07
Sinking Fund,.....		390.00
Bond Interest (advance),.....		27.00
Unamortized Discount on Common Stock,.....		391.94
Unamortized Discount and Expense on Bonds,.....		<u>725.40</u>
Total ASSETS,.....		\$39,805.64

LIABILITIES:

Stock Outstanding,.....	\$25,000.00
Bonds Outstanding,.....	9,800.00
Notes Payable,.....	1,500.00
Other Current Liabilities,.....	1,769.55
Advance Rentals,.....	503.25
Surplus,.....	<u>1,232.84</u>
Total LIABILITIES,.....	\$39,805.64

Applicant reports revenues and expenses as follows:

<u>Item</u>	<u>Year Ending December 31, 1917</u>	<u>6 months Ending June 30, 1918</u>
Operating Revenues	\$10,050.02	\$5,616.04
Operating Expenses	6,368.06	3,733.40
Net Operating Revenue	<u>3,681.96</u>	<u>1,882.64</u>
Non Operating Revenue	363.68	258.92
Gross Income	<u>4,045.64</u>	<u>2,141.56</u>
Deductions:		
Rent	230.00	125.65
Bond Interest	521.05	294.00
Other Interest	--	37.50
Reserve for Depreciation	1,681.80	943.71
Total Deductions	<u>2,432.85</u>	<u>1,400.86</u>
Balance available for Dividends and other purposes	1,612.79	740.70
Accumulated Surplus beginning of period	<u>1,642.30</u>	<u>1,242.14</u>
Balance plus Accumulated Surplus	<u>3,255.09</u>	<u>1,982.84</u>
Less Dividends	1,500.00	750.00
Less Amortization of Discount and Expense	512.95	--
Deductions	<u>2,012.95</u>	<u>750.00</u>
Surplus at End of Period	\$1,242.14	\$1,232.84

During 1917, applicant reports the average number of tele-
phones in use at 436, while for the six months ending June 30, 1918,
the average number of telephones in use is reported at 459.

Applicant proposes to sell the \$2,300.00 of bonds at not
less than 93 per cent of their face value plus accrued interest and
use the proceeds to pay the following indebtedness:

Note payable to Kellogg Switchboard & Supply Co. for material used for plant additions,.....	\$1,000.00
Note payable to Oscar Gustafson representing moneys borrowed to purchase materials for plant additions, ..	500.00
Current bills accumulated for materials used for plant payable to Kellogg Switchboard & Supply Co.,..	425.38
Current bills accumulated for materials used for plant payable to Western Electric Co.,.....	211.54
Total,.....	<u>\$2,136.92</u>

Mr. C.H. Button, president and manager of The Lindsay
Home Telephone and Telegraph Company testified at the hearing on this

application that the \$2,136.92 represents monies expended for additions and betterments to the company's properties and that no stocks or bonds have been issued against these expenditures.

I herewith submit the following form of order.

O R D E R.

THE LINDSAY HOME TELEPHONE AND TELEGRAPH COMPANY having applied to the Railroad Commission for authority to issue bonds, as indicated in the foregoing opinion, a hearing having been held and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified in the order, and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that THE LINDSAY HOME TELEPHONE AND TELEGRAPH COMPANY be, and it is hereby, granted authority to issue at not less than 93 per cent of their face value plus accrued interest \$2,300.00 of its Series "B" 6 per cent bonds payable December 1, 1933 upon the following conditions and not otherwise:

- 1.--The proceeds from the sale of the bonds shall be used by applicant to pay the following indebtedness:

Note payable to Kellogg Switchboard & Supply Co. for material used for plant additions,.....	\$1,000.00
Note payable to Oscar Gustafson representing moneys borrowed to purchase materials for plant additions,.....	500.00
Current bills accumulated for materials used for plant payable to Kellogg Switchboard & Supply Co.,.....	425.38
Current bills accumulated for materials used for plant payable to Western Electric Company,.....	211.54
Total,.....	\$2,136.92

- 2.--The Lindsay Home Telephone and Telegraph Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the issue

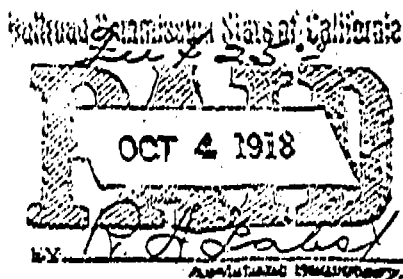
of the bonds herein authorized, and on or before the twenty-fifth day of each month the company shall make verified reports to the Railroad Commission, in accordance with the Commission's General Order Number 24, which order, in so far as applicable, is made a part of this order.

3.--The authority herein granted shall not become effective until The Lindsay Home Telephone and Telegraph Company has paid the fee specified in the Public Utilities Act.

4.--The authority herein granted shall apply only to such bonds as may be issued on or before December 31, 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 1st day
October
of ~~August~~, 1918.



Edwin C. Edgerton
W. H. Leonard
W. H. Gordon

Commissioners.