

ORIGINAL

Decision No. 7406.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the Application of)	
THE TULARE HOME TELEPHONE AND TELEGRAPH)	
COMPANY, a corporation, for an order)	<u>Application Number 5464.</u>
authorizing it to issue and sell \$10,000)	
face value of Series "B" bonds.)	

Sanborn and Roehl, by A.B. Roehl, for applicant.

BRUNDIGE, Commissioner.

O P I N I O N .

THE TULARE HOME TELEPHONE AND TELEGRAPH COMPANY asks permission to issue and sell \$10,000.00 of its Series "B" 5 per cent bonds at not less than 93 per cent of their par value, plus accrued interest, for the following purposes:

To reimburse its treasury on account of	
capital expenditures,.....	\$2,000.00
Purchase new section switchboard,.....	2,500.00
For installing new cable,.....	4,200.00
For installing 65 new telephones,.....	<u>1,300.00</u>
Total,	\$10,000.00

Mr. G.C. Harris, President of The Tulare Home Telephone and Telegraph Company, testified that since January 1, 1920, the company has expended from income \$2,000.00 to pay for permanent extensions, additions and betterments to its plant; that it is necessary for the company to add a new section to its switchboard at an estimated cost of \$2,500.00; extend its lines and install new cables at an estimated cost of \$4,200.00 and expend about \$1,300.00 to install new telephones. The record shows that the company intends to construct a new line for a

distance of three blocks on East San Joaquin street; build an extension on East Tulare street; install a cable on Tulare street for a distance of two blocks, and extend the present cable on West San Joaquin street to the city limits.

The Tulare Home Telephone and Telegraph Company has an authorized stock issue of \$25,000.00, all of which, except \$70.00, is outstanding.

It also has an authorized bond issue of \$25,000.00, divided into \$15,000.00 of Series "A" and \$10,000.00 of Series "B" bonds. The Series "A" bonds have been heretofore issued pursuant to authority granted by the Railroad Commission.

In Decision No. 7110, dated February 11, 1920, in Application No. 4861, it appears that the company in that proceeding submitted an appraisal of its properties, as of October 15, 1919, showing a cost of reproduction new of \$72,033.82; that the \$72,033.82 is based upon 1919 prices for labor and material; that the Commission's engineers estimated the property to be in a 77.5 condition per cent; that deducting accrued depreciation upon this basis the company's valuation would be reduced to the sum of \$55,826.00 without taking into consideration the assertion of the Commission's engineers that some of the prices for material and labor used in the company's computation were too high, and that the Commission's engineers estimated the historical cost new of the properties to be \$47,207.00.

For 1919 The Tulare Home Telephone and Telegraph Company reported gross operating revenues of \$23,601.33 and a net income -the amount remaining after payment of operating expenses, taxes, depreciation and interest- of \$3,892.21.

I herewith submit the following form of Order:

O R D E R

THE TULARE HOME TELEPHONE AND TELEGRAPH COMPANY, having applied to the Railroad Commission for permission to issue \$10,000.00 of its Series "B" 6 per cent bonds, a public hearing having been held, and the Railroad 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 this 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 TULARE HOME TELEPHONE AND TELEGRAPH COMPANY be, and it is hereby, authorized to issue \$10,000.00 of its Series "B" 6 per cent bonds.

The authority herein granted is subject to the following conditions:

1.---The bonds herein authorized shall be sold by applicant for cash, on or before August 1, 1920, for not less than 93 per cent of their face value, plus accrued interest.

2.---The bonds shall be sold for the purposes set forth in the application, which are:

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|------|--|-------------|
| (a). | --To reimburse applicant's treasury on account of capital expenditures,..... | \$2,000.00 |
| (b). | --To purchase new section switchboard,.... | 2,500.00 |
| (c). | --To install new cables and construct extensions,..... | 4,200.00 |
| (d). | --To install 65 new telephones,..... | 1,300.00 |
| | T o t a l,..... | \$10,000.00 |

3.---The Tulare Home Telephone and Telegraph Company shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad 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 will not become effective until applicant has paid the fee prescribed in the Public Utilities Act.

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 9th day of April, 1920.

Edwin U. Edgerton

H. D. Loveland

FRANK R. DIXON

H. C. Brundage

Irving Nathan
Commissioners.

Fee \$35.00
APR 12 1919
BY H. C. Brundage
Assistant Secretary