

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of )	
Honey Lake Valley Mutual Telephone )	
Association, a corporation, for per- )	Application No. 419
mission to make and issue its pro- )	
missory notes in the sum of Ten )	
Thousand Dollars. )	

EDGERTON, Commissioner.

O P I N I O N

This is an application by Honey Lake Valley Mutual Telephone Association for an order authorizing the issue by said association of a promissory note in the principal sum of \$10,000.00 with interest thereon at the rate of seven per cent per annum, payable semi-annually, said note to be payable on or before ten years after its date, and to be made in favor of F. B. Hoffman; and for an order authorizing the execution by said association as security for the payment of said note, a mortgage upon all of its system, including all of its pole lines, equipment, franchises, rights of way and real property.

Applicant is a corporation operating a telephone system in Honey Lake Valley, County of Lassen, State of California, and has an authorized capital stock of \$10,000.00, all of which has been issued.

Applicant received on the sale of its capital stock \$9,000.00, which money was invested in its telephone system. In addition applicant borrowed from said F. B. Hoffman a total of \$10,000.00, all of which money was invested in betterments and additions to plant.

Applicant issued notes to said F. B. Hoffman as evidence of its indebtedness to him after the Public Utilities Act went into

effect, hence such notes are void.

It is evident that there was no intention to evade the provisions of the Public Utilities Act, and immediately upon that law being called to the attention of the officers of applicant, this application was filed.

It appears from the evidence that the \$10,000.00 owed F. B. Hoffman, and which it is proposed to evidence by the promissory note herein asked to be authorized was invested in the plant of applicant, and inasmuch as the effect of granting this application would be to permit applicant to have ten years within which to pay this indebtedness, I recommend that the application be granted, and submit herewith the following form of order:

O R D E R

Application having been made to the Railroad Commission of the State of California for an order authorizing Honey Lake Valley Mutual Telephone Association to issue its promissory note in the principal sum of \$10,000.00, with interest thereon at the rate of seven per cent per annum, payable semi-annually, said note to be payable on or before ten years after its date and to be made payable to F. B. Hoffman; and for an order authorizing the execution by applicant of a mortgage upon all of its system to secure the payment of said note,

And a hearing having been duly held and it appearing to the Commission that the money to be secured by the issue of said note is necessary and reasonably required by said company for the discharge of its obligations, and that the purposes for which the proceeds of the issuance of said note are to be used are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that the Railroad Commission of the State of California does hereby authorize the issue by Honey Lake Valley Mutual Telephone Association of a promissory note in the

principal sum of \$10,000.00, bearing interest at the rate of seven per cent per annum, payable on or before ten years from its date; and said company is further authorized to mortgage all of its system, including pole lines, equipment, franchises, rights of way and real property as security for the payment of said note.

Said note to be issued upon the following conditions, not otherwise.

1. Before its execution there shall be submitted to this Commission for its approval the note and mortgage herein authorized to be executed.

2. The proceeds from the issuance of said promissory note shall be used for the following purpose only:

To discharge the indebtedness now owing by said company to said F. B. Hoffman in the sum of \$10,000.00.

3. Within thirty days from the date of this order applicant shall furnish to the Commission satisfactory evidence that all/ <sup>evidences</sup> of indebtedness, except that herein authorized, heretofore given to F. B. Hoffman, shall be canceled and destroyed, and that the indebtedness evidenced by the note herein authorized is the only indebtedness owed by said company to said F. B. Hoffman.

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 2nd day of July, 1913.

John M. Lick  
John Gordon  
Edwin O. Edgerton

Commissioners.

Recommending  
W. J. M.