

ORIGINAL

Decision No. 7754.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of)
CORONA HOME TELEPHONE AND TELEGRAPH)
COMPANY, a corporation, to issue)
bonds.)

Application No. 5755.

W.S. Clayson, for applicant.

BRUNDIGE, Commissioner.

O P I N I O N .

CORONA HOME TELEPHONE AND TELEGRAPH COMPANY asks permission to issue and sell \$8,900.00 of its first mortgage 5 per cent. bonds payable November 1, 1938.

Applicant. submits a balance sheet as of December 31, 1919, showing the following:

ASSET ACCOUNTS:

Net Investment in Fixed Capital,	\$75,008.85
Fixed Capital,	\$84,922.80
Reserve for Accrued Depreciation, <u>9,913.95</u>	
Special Deposits,	88.83
Liberty Bonds,	10,365.00
Accounts Receivable,	786.02
Corporate Deficit,	<u>619.28</u>
<u>TOTAL ASSET ACCOUNTS.</u>	<u>\$86,867.98</u>

LIABILITY ACCOUNTS:

Capital Stock,	\$42,417.50
Funded Debt,	41,203.00
Matured Interest,	133.85
Other Liabilities,	343.36
Materials and Supplies (Credit balance),	175.34
Surplus invested in Fixed Capital, since 1913,	648.82
Other Surplus Reserves,	<u>1,946.11</u>
<u>TOTAL LIABILITY ACCOUNTS</u>	<u>86,867.98.</u>

In Decision No. 7411, dated April 9, 1920, the Commission found that \$55,000.00 represented a fair value of applicant's

properties for rate-making purposes.

Applicant reports that it is necessary for it in order to give satisfactory service to expend about \$10,000 for the following additions and betterments:

Brick addition to applicant's central office (approximately 19½ x 26' in size) estimated cost,	\$ 2,000.00
Switchboard (3 position, multiple feature board, 300 lines),	7,000.00
New Cables,	<u>1,000.00</u>
Total	\$10,000.00

In addition to these improvements, applicant reports that it has expended out of earnings for additions and betterments, the sum of \$1,295.44. It asks permission to reimburse its treasury because of the expenditure of \$1,295.44. In my opinion, the reimbursement should at this time be allowed only on condition that any moneys obtained through the sale of bonds authorized to be issued for the purpose of re-imbursing applicant's treasury will be re-invested in its plant and not distributed in the form of dividends. The issue of bonds by applicant at this time, unless it can dispose of such bonds at favorable prices, should be kept at a minimum, and this can only be accomplished by investing all the proceeds obtained from the sale of bonds in additions and betterments.

I herewith submit the following form of Order:

O R D E R

CORONA HOME TELEPHONE AND TELEGRAPH COMPANY having applied to the Railroad Commission for permission to issue \$8,900.00 of bonds, a public 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 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 CORONA HOME TELEPHONE AND TELEGRAPH COMPANY be, and it is hereby, authorized to issue and sell on a 7½% basis, or on a more favorable basis, \$8,900.00 face value of its first mortgage 5 per cent bonds, payable November 1, 1938, for the purpose of reimbursing its treasury and paying in part for the construction of the additions and betterments referred to in the ^{and} foregoing Opinion/in this application.

The authority herein granted is subject to the following conditions:

- 1.-- All proceeds obtained from the sale of bonds, the issue of which is herein authorized, shall be used by applicant to pay in part for the construction of the additions and betterments referred to in this application.
- 2.-- Corona 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 25th 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.
- 3.-- The authority herein granted will not become effective until applicant has paid the fee prescribed in the Public Utilities Act.

4.-- The authority herein granted will apply only to such bonds as may be issued on or before December 15, 1920.

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 19th day of June, 1920.

Edwin A. Edgerton

H. B. Loveland

Frank R. D. [unclear]

H. B. [unclear]

Dwight [unclear]

Commissioners.

Railroad Commission State of California
[Signature]
JUN 30 1920
[Signature]
BY [unclear]
SECRETARY