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Decision No. 9529.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

* * *

In the Matter of the Application of)
SOUTHWESTERN HOME TELEPHONE COMPANY,)
a corporation, for an order authori-)
zing said company to issue promis-)
sory notes of the total face value)
of \$50,500.00.)

Application No. 7180.

Max Thelen for applicant.

MARTIN, Commissioner.

O P I N I O N

SOUTHWESTERN HOME TELEPHONE COMPANY asks permission to issue \$50,500.00 face value of 6 per cent. notes for the purpose of refunding notes now outstanding and to pledge bonds to secure the payment of the notes.

The Railroad Commission by Decision No. 5057, dated January 18, 1918 (Vol. 15, Opinions and Orders of the Railroad Commission, of California, pg. 44), authorized applicant to issue \$89,050.00 of 2-year 6 per cent. notes and to issue and deposit \$177,500.00 of bonds to secure the payment of the notes. The testimony in this proceeding shows that applicant has paid \$38,550.00 of the notes and that there remains a balance of \$50,500.00 due. The testimony further shows that as payments have been made a proper proportion of the bonds, which the Commission has heretofore authorized to be deposited as collateral, has been returned to applicant.

The notes now outstanding have been issued under an agreement effective 1918, by the terms of which the company is

obligated to pay annually a certain amount of the notes. The necessary funds are obtained through the payment of an annual stockholders' assessment of not less than \$2,000.00 for a period of 10 years; through the appropriation of net earnings in the sum of \$2,000.00 annually for a period of three years and \$3,000.00 annually for a period of 7 years; through the waiver for a period of 10 years of the sinking fund provision of the trust deed securing the payment of the Southwestern Home Telephone Company bonds; through the postponement of the collection of the April interest coupons attached to said bonds and through the reduction of the annual interest on applicant's outstanding notes from 7 and 8 per cent. to 6 per cent. per annum. Inasmuch as the agreement between applicant's stock, bond and noteholders terminates on April 1, 1927, applicant asks permission to issue notes that will run concurrently with the life of the agreement. I believe that applicant's request should be granted and herewith submit the following form of Order.

O R D E R

SOUTHWESTERN HOME TELEPHONE COMPANY having asked permission to issue \$50,500.00 of 6 per cent. notes and to pledge 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 through such issue is reasonably required by applicant and that this application should be granted subject to the conditions of this order;

IT IS HEREBY ORDERED, that SOUTHWESTERN HOME TELEPHONE COMPANY be, and it is hereby, authorized to issue \$50,500.00 face value of 6 per cent. notes payable on or before April 1, 1927, for the purpose of refunding the notes referred to in this application. It is further ordered that the bonds now deposited as collateral to secure the payment of the notes which applicant intends to refund may

