

Decision No. 41795

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application

of

COLUSA COUNTY TELEPHONE COMPANY

and

OXNARD HOME TELEPHONE COMPANY

for an order authorizing issuance of not to exceed \$130,000 principal amount promissory notes and execution of a mortgage securing same.

ORIGINAL

Application No. 29407

O P I N I O N

In this application, Colusa County Telephone Company, hereinafter referred to as "Colusa", and Oxnard Home Telephone Company, hereinafter referred to as "Oxnard", seek authority of the Public Utilities Commission to enter into a loan agreement pursuant to which Colusa will issue to Oxnard not to exceed \$130,000 principal amount of notes and will execute a mortgage of chattels and of real property securing said notes.

Colusa and Oxnard are California corporations engaged in operating telephone systems. Colusa operates in and about Colusa, Arbuckle, Maxwell, Princeton, Williams, and Leesville in Colusa County, and Oxnard operates in and about Oxnard, Ventura County.

The companies' annual reports show that substantially all their outstanding stock is held by F. E. Crosby. The reports of Colusa show that it is indebted to Oxnard in the amount of

\$105,000, represented by two demand notes, one for \$55,000 dated May 16, 1942, bearing interest at the rate of 3% per annum, and the other for \$50,000, dated November 1, 1943, bearing interest at the rate of 2½% per annum.

Colusa's balance sheet, as of April 30, 1948, is as follows:

<u>Assets</u>		
Telephone plant		\$495,343.14
Other investments		740.00
Current assets -		
Cash and working funds	\$ 17,494.87	
Accounts receivable	<u>12,395.35</u>	
Total current assets		29,890.22
Deferred debits		<u>672.87</u>
	Total	<u>\$526,646.23</u>
<u>Liabilities</u>		
Capital stock		\$ 85,708.00
Premium on capital stock		29,997.80
Current liabilities -		
Notes to Oxnard	\$105,000.00	
Other notes payable	12,833.83	
Accounts payable	19,359.95	
Taxes accrued	<u>4,795.68</u>	
Total current liabilities		141,989.46
Depreciation reserve		310,900.92
Amortization reserve		<u>19,240.63</u>
Deficit		<u>(61,190.58)</u>
	Total	<u>\$526,646.23</u>

This company reports, for 1947, operating revenues of \$125,410.86 and net income of \$11,128.61, after all charges including depreciation charges of \$15,549.35, and for the four months ending April 30, 1948, operating revenues of \$48,242.22 and net income, after all charges including depreciation charges of \$5,360.61, but before taxes on income, of \$12,374.43.

Colusa reports that it needs additional funds to reimburse its treasury or to pay for additions to its plant to enable it to meet demands for service. Expenditures planned for 1948 and 1949 are as follows:

One additional toll position at Colusa		\$ 2,500
Additional dial lines, circuits and associated equipment -		
Arbuckle exchange	\$3,125	
Williams exchange	3,125	
Maxwell exchange	3,750	10,000
240 additional stations		9,746
Four additional booths		600
29 miles of pole lines		9,396
32,000 feet of aerial cable		9,565
60 circuit miles of aerial wire		<u>5,850</u>
	Total	<u>\$47,657</u>

The company reports that on March 31, 1948, it had on file 194 applications for service.

Colusa intends to borrow from Oxnard \$25,000 to enable it to meet these expenditures in part. Under the proposed loan agreement with Oxnard, it will issue forthwith a new note for \$105,000 to discharge the presently outstanding notes and at a later date, or dates, will issue an additional note, or notes, for \$25,000. All notes will mature June 1, 1968. The \$105,000 note will bear interest at the rate of 4% per annum and the \$25,000 note at the rate of 4½% per annum. The security therefor will be a mortgage of chattels and of real property.

A review of the application and of Colusa's financial statements clearly indicates that it has need for additional funds.

O R D E R

The Public Utilities Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of \$130,000 of notes is reasonably required by Colusa County Telephone Company for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED as follows:

1. Colusa County Telephone Company and Oxnard Home Telephone Company, after the effective date hereof and on or before July 31, 1948, may enter into a loan agreement in, or substantially in, the same form as that filed in this proceeding as Exhibit "B", and Colusa County Telephone Company, after said effective date and on or before June 30, 1950, may execute a mortgage of chattels and of real property in, or substantially in, the same form as that filed in this proceeding as Exhibit "D", and may issue to Oxnard Home Telephone Company its promissory notes in the principal amount of not exceeding \$130,000, pursuant to the terms of said loan agreement and said mortgage.

2. Colusa County Telephone Company shall use the proceeds to discharge the notes presently outstanding in favor of Oxnard Home Telephone Company in the amount of \$105,000 and to reimburse its treasury and finance capital additions to its plants as set forth in this proceeding.

3. Colusa County Telephone Company shall file with the Commission, within thirty (30) days after execution, a copy of the loan agreement and mortgage as actually executed, and shall also file reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

4. The authority herein granted will become effective when Colusa County Telephone Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is one hundred thirty (\$130.00) dollars.

Dated at San Francisco, California, this 29th day of June, 1948.

R. Z. Anderson
Frank Powell
Harold P. Hill
Samuel C. Gatten
Commissioners

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
PAID
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JUN 30 1948
\$130.00
W. A. Clapp