

ORIGINAL

Decision No. 44591

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
KERMAN TELEPHONE COMPANY, a California	:	
corporation, for an order authorizing)	
it to execute a Ten Thousand Dollar	:	Application
(\$10,000.00) Note bearing Six Percent)	No. 31583
(6%) interest, to Harry Schmall and/or	:	
Mary E. Schmall.)	
-----	:	

O P I N I O N

Kerman Telephone Company, applicant herein, is a corporation engaged in operating a telephone system in the Town of Kerman and surrounding territory, including the unincorporated Town of Biola, in Fresno County. In this application, it reports that it has need for funds with which to carry on its construction program now in progress and to meet its obligations, and that accordingly it has arranged, and seeks authority, to issue to Harry Schmall and Mary E. Schmall a promissory note in the principal amount of \$10,000, payable in monthly installments over a period of five years, with interest at the rate of 6% per annum on the unpaid principal, for the following purposes:

(a)	To pay for material, supplies and labor for new outside line construction	\$ 1,000.00
(b)	To pay for dial telephone instruments already received	2,500.00
(c)	To pay for dial telephone instruments required immediately	2,500.00
(d)	To retire \$4,000.00 due Associated Telephone Company, Ltd. for purchase of dial central office equipment	<u>4,000.00</u>
	Total	<u>\$10,000.00</u>

Applicant's financial reports to the Commission show that its operating revenues and its investment in plant have been

increasing rapidly. It has reported its operating revenues for 1948 at \$45,495, for 1949 at \$58,069, and for the five months ended May 31, 1950, at \$25,349, with net operating income of \$1,644 in 1948, of \$2,176 in 1949, and of \$3,966 in the five-month period of 1950. It reports its net increase in telephone plant at \$17,569 in 1948, at \$22,927 in 1949, and at \$10,910 in the five-month period of 1950.

At May 31, 1950, applicant reports its investment in telephone plant at \$106,533, with an offsetting reserve for depreciation of \$46,491. It reports current assets of \$2,484 and current liabilities, other than those due its stockholders, of \$32,300.

A review of the application and of applicant's financial statements indicates that it has need for additional funds to improve its financial position and to meet, in part, its construction requirements.

O R D E R

The Commission having considered the above entitled application and being of the opinion that a public hearing thereon 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 a note for \$10,000 is reasonably required by applicant for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

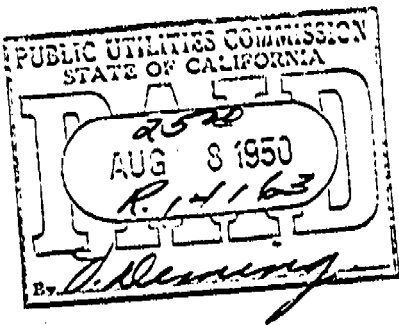
1. Kerman Telephone Company, after the effective date hereof and on or before October 31, 1950, may issue a promissory note in the principal amount of \$10,000, in, or substantially in, the same

form as the note filed in this proceeding as Exhibit E, for the purposes indicated in the preceding opinion.

2. Kerman Telephone Company shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective when Kerman Telephone Company has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is twenty-five (\$25.00) dollars.

Dated at Los Angeles, California, this 1st day of August, 1950.



Justice J. Casper
Edward Powell
Harold H. ...
Therese ...
Commissioners