

**ORIGINAL**Decision No. 45503

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
A. J. CAIN, doing business as The  
Utilities Company of Novato, Cali-  
fornia, for permission to borrow  
money.

Application  
No. 32218

O P I N I O N

This is an application for an order authorizing A. J. Cain to issue a promissory note in the principal amount of \$50,000 for the purpose of paying indebtedness and of financing the cost of telephone properties.

Doing business under the name of The Utilities Company, applicant is engaged in operating a telephone system in Novato township, in Marin County. In his annual reports to the Commission for the last three years he has reported net increase in plant during each of said years, his operating revenues, net income and number of working stations, as follows:

	Increase in Plant	Operating Revenues	Net Income	Working Stations
1948	\$20,321.83	\$54,405.15	\$ 5,137.22	675
1949	37,702.10	47,697.55	6,101.12	827
1950	48,225.42	64,937.68	13,428.63	1159

It appears that increasing demands for service have made it necessary for applicant to provide for substantial additions to the telephone system. During the last three calendar years he reports his net investment in telephone properties increased from \$31,773.98 at the beginning of 1948 to \$127,526.33 at the close of 1950. In this proceeding, he reports that recently he has expended for work performed under certain construction contracts, the sum of

\$30,677.38 primarily to install additional cable and that he estimates he will be required to expend \$14,854 to complete the work in progress, as set forth in some detail in the application. He reports that he has incurred indebtedness in favor of Novato Bank, or Central Valley Bank of Novato, its successor, in the amount of \$20,000 and that he now desires to borrow an additional \$30,000 for the purpose of paying for materials and supplies and of financing in part the construction expenditures to which reference has been made.

The additional sum to be thus borrowed will be consolidated with the \$20,000 of bank loans now outstanding and a new note issued to Central Valley Bank of Novato in the principal amount of \$50,000, payable in monthly installments over a period of ten years with interest at the rate of not to exceed 5% per annum on unpaid balances.

A review of the application indicates that applicant will have need for the funds to be received through the issue of the note for the purposes set forth herein.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, that the request of applicant should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of the note herein authorized is reasonably required 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. A. J. Cain, after the effective date hereof and on or before July 31, 1951, may issue a promissory note in the principal amount of not exceeding \$50,000, payable in monthly installments over a period of not exceeding ten years, with interest at not exceeding 5% per annum, for the purposes set forth in this application.

2. A. J. Cain 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 A. J. Cain has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$50.00.

Dated at San Francisco, California, this 3rd day of April, 1951.

A. J. [Signature]  
Justice F. [Signature]  
Harold [Signature]  
Kenneth [Signature]  
John E. [Signature]  
Commissioners

