

ORIGINAL

Decision No. 45603

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
) :
) :
) :
COLUSA COUNTY TELEPHONE COMPANY) :
) :
for an order authorizing issuance) :
of a promissory note and execution) :
of a supplemental mortgage.) :
-----) :

Application
No. 32294

O P I N I O N

This is an application by Colusa County Telephone Company for authority to execute a supplemental mortgage and to issue a note in the principal amount of \$45,000. The proposed note will bear interest at the rate of 4-1/4% per annum and will mature June 1, 1969.

The application shows that under authority granted by Decision No. 43017, dated June 21, 1949, applicant executed a mortgage dated July 28, 1949, to Pacific Mutual Life Insurance Company and issued its promissory notes in the aggregate amount of \$130,000 for the purpose of paying indebtedness and of financing the cost of additions to its telephone plant. The application further shows that applicant now has need for additional funds and has made arrangements to borrow the further sum of \$45,000 from Pacific Mutual Life Insurance Company and to issue the note, as requested, in evidence of such borrowing. It proposes also to execute a supplemental mortgage to provide, among other things, for the issue of said note.

Applicant intends to use the proceeds to be received through the issue of the note to pay indebtedness, to reimburse its

treasury and to provide construction costs. In support of its request, it shows that during the years 1949 and 1950 it expended \$107,898.63 for additions and betterments, the major portion of which was provided from internal sources; that it made a short-term bank loan on December 7, 1950, in the amount of \$5,000 to reimburse its treasury in part for such expenditures; that as of February 28, 1951, it had on hand 122 applications for telephones, and that it estimates it will be required to expend during the year \$29,697.04 to meet the demand for additional service and to provide for other additions and betterments. The estimated expenditures are set forth in some detail in Exhibit D filed in this proceeding.

Financial statements attached to the application show that during 1950 applicant's operating revenues amounted to \$179,950.67 and its net income to \$18,236.68, after making provision in the amount of \$17,301.48 for depreciation. The statements show that at the close of 1950 applicant's net investment in its telephone plant aggregated \$308,609.51, against which it had incurred long-term debt of \$130,000, and that it had current assets of \$45,735.79 as compared with current and accrued liabilities of \$43,476.88. A review of the application clearly indicates that applicant will have need for additional funds to improve its cash position and to meet construction requirements, and that the issue of the note, as herein requested, should be authorized.

ORDER

The Commission having considered the above entitled matter, 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 the note herein authorized 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:

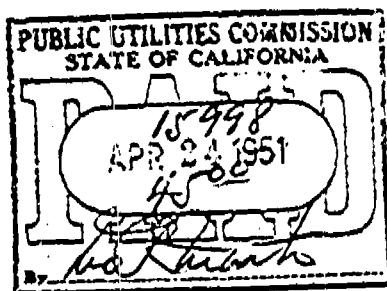
1. Colusa County Telephone Company, after the effective date hereof and on or before September 30, 1951, may issue a note in the principal amount of not exceeding \$45,000, and may execute a supplemental mortgage, which note and supplemental mortgage shall be in, or substantially in, the same form as those filed in this proceeding as Exhibit B.

2. Colusa County Telephone Company shall use the proceeds to be received through the issue of said note to pay its outstanding short-term loan, to reimburse its treasury, and to finance in part the cost of capital additions during 1951.

3. Colusa County Telephone Company shall file with the Commission monthly 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 forty-five (\$45.00) dollars.

Dated at San Francisco, California, this 24th day of April, 1951.



Handwritten signatures of Justice J. Coe and Commissioner T. C. Mitchell.