

ORIGINAL

Decision No. 46647

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
SAN JOAQUIN TELEPHONE COMPANY, a	:	
California Corporation, for the	)	Application
authority to Mortgage its properties	:	No. 33023
as security for a loan in the amount	)	
of \$150,000.00.	:	
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O P I N I O N

San Joaquin Telephone Company has filed this application for an order authorizing it to execute a mortgage and to issue a promissory note in the principal amount of \$150,000 for the purpose of paying indebtedness and of financing the cost of additions and betterments to its plants and properties.

Applicant is a California corporation organized on February 9, 1923. Since its organization it has been engaged in operating a telephone system in the City of Manteca and recently, pursuant to authority granted by Decision No. 46123, dated August 28, 1951, extended its operations through the acquisition of the telephone system in the City of Ripon. Applicant reports that the continuing growth in its exchange areas has made necessary the expansion of its facilities to meet increasing demands for telephone service. It sets forth in the application that during the year 1950 there was a net gain of 188 stations in the Manteca exchange and 37 stations in the Ripon exchange, and that during the first 11 months of 1951 there was a further gain of 166 stations in Manteca and of 82 stations in Ripon.

The application shows that applicant now desires to improve and extend its facilities further and that it contemplates additional

expenditures amounting to \$272,400, for the following purposes:

I	RIPON EXCHANGE DIAL OFFICE		
	(a) Central office equipment	\$48,500	
	(b) Dials and installation	10,000	
	(c) Building remodeling	<u>10,000</u>	\$ 68,500
II	RIPON EXCHANGE OUTSIDE PLANT		
	(a) Provide additional service to rural area South and West of Ripon		25,900
III	MANTECA EXCHANGE CENTRAL OFFICE		
	(a) Add one switchboard position and facilities for terminating 600 additional lines		15,000
IV	MANTECA EXCHANGE OUTSIDE PLANT		
	(a) Rural area West of Manteca	13,500	
	(b) South Durham Ferry Road	8,700	
	(c) South Union Road	10,900	
	(d) South Manteca Road	9,100	
	(e) Main Alley East of office	11,800	
	(f) N.E. section Manteca City	45,400	
	(g) East Yosemite Ave.	13,200	
	(h) Rural area N.E. of Manteca	<u>11,500</u>	124,100
V	TELEPHONES AND INSTALLATION		
	(a) Telephone sets	18,400	
	(b) Station installations	5,400	
	(c) Drop and block wires	<u>7,600</u>	31,400
VI	OFFICE EQUIPMENT		
	(a) Billing and accounting machine		<u>7,500</u>
	TOTAL CONSTRUCTION AND ADDITIONS		<u>\$272,400</u>

It appears that applicant is undertaking the sale of \$120,000 of its preferred stock, the issue of which was authorized by Decisions No. 45723 and No. 46470, to meet in part these estimated expenditures, and that it has made arrangements to borrow from Stockton Savings and Loan Bank the sum of \$150,000 to complete its financing.

The sum proposed to be borrowed from Stockton Savings and Loan Bank will be represented by a note payable in monthly installments of \$312.50, or more, with final payment, however, on January 1, 1962, and with interest at the rate of 5% per annum on deferred payments. The note will be secured by a mortgage of chattels covering applicant's personal property.

In Exhibit A-3 applicant reports its operating revenues for the first ten months of 1951 at \$167,833.21 and its net operating income at \$19,585.76 after making provision for depreciation in the amount of \$10,991.06. It reports its pro forma balance sheet giving effect to the issue of the note and certain sales of real property, now in progress, as of October 31, 1951, as follows:

<u>Assets</u>		
Plant and equipment	\$358,802.38	
Less-depreciation reserve	<u>57,866.96</u>	
Net plant and equipment		\$300,935.42
Current assets -		
Cash	22,024.06	
Accounts receivable	27,499.85	
Materials and supplies	30,401.63	
Prepaid expenses	<u>3,823.67</u>	
Total current assets		<u>83,749.21</u>
	Total	<u>\$384,684.63</u>
<u>Liabilities</u>		
Capital stock		\$100,000.00
Notes payable -		
Stockton Savings and Loan Bank	\$150,000.00	
Talbot and Sallie Kendall	<u>18,210.00</u>	
Total notes payable		168,210.00
Current liabilities -		
Accounts payable	41,536.74	
Customers' deposits	122.95	
Advance billing	8,401.10	
Accrued liabilities	7,443.89	
Other items	<u>7,729.85</u>	
Total current liabilities		65,234.53
Contributions of plant		23,530.99
Surplus		<u>27,709.11</u>
	Total	<u>\$384,684.63</u>

A review of the application and of applicant's financial reports indicates that its earnings should be ample to enable it to meet the requirements under the proposed note issue. It clearly appears that applicant will have need for the proceeds from the issue of said note for the purposes indicated, and that, accordingly, an order should be entered granting its request.

O R D E R

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,

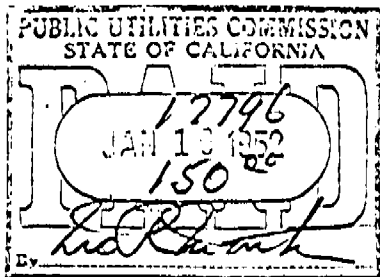
IT IS HEREBY ORDERED as follows:

1. San Joaquin Telephone Company, after the effective date hereof and on or before June 30, 1952, may execute a mortgage of chattels and issue a note in the principal amount of not exceeding \$150,000 for the purposes indicated in this application. The note and mortgage of chattels shall be in, or substantially in, the same form as those filed in this proceeding and identified as Exhibit B.

2. Applicant 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.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 1904 of the Public Utilities Code, which fee is one hundred fifty (\$150.00) dollars.

Dated at San Francisco, California, this <sup>th</sup> 15 day of January, 1952.



*R. F. [Signature]*  
President  
*Justus J. Calver*  
*Harold P. Hule*  
*John L. Mitchell*  
Commissioners