

**ORIGINAL**

Decision No. 47721

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of The Western Telephone Company )	
for authority to issue notes up to an aggre- :	Application
gate amount of \$350,000. )	No. 33703
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O P I N I O N

The Western Telephone Company is a California corporation engaged in operating telephone systems generally throughout Trinity County and in portions of Humboldt and Mendocino counties. In this application it reports that it is carrying on a program to extend and improve its facilities, that it has need for additional funds, and that it has made arrangements and now asks authorization to borrow \$350,000 to pay outstanding liabilities and to finance in part the cost of converting its Laytonville and Covelo exchanges to dial operations, to enlarge its outside plant at Garberville, and to make other improvements.

Applicant proposes to obtain said sum of \$350,000 from The Chase National Bank of the City of New York, pursuant to the terms of a letter agreement dated August 15, 1952, a copy of which has been filed in this proceeding as Exhibit B. The agreement provides that said bank will advance funds in the aggregate amount of \$350,000 up to and including October 31, 1953, such advances to be represented by unsecured notes maturing on October 31, 1954, with interest at the rate of 4-3/4% per annum. The agreement further provides that after borrowings shall have aggregated \$170,000, all subsequent borrowings shall be subject to the prior sale, for cash, of not less than one additional dollar of applicant's capital stock for each three dollars of such subsequent borrowings, the proceeds from the sale of such capital stock to be applied for the purposes set forth in this application.

The proceeds to be received from the issue of the notes will be employed by applicant in meeting part of the following estimated costs:

Outstanding indebtedness -	
Note due Bank of America	\$ 54,000.00
Contract with Bank of America	2,114.50
Conversion of Laytonville and Covelo exchanges -	
Buildings	25,000.00
Central office equipment	38,000.00
Automatic toll ticketing	20,000.00
Station equipment	12,000.00
Exchange plant	75,000.00
Toll plant	22,000.00
Maintenance truck	8,000.00
Improvements at Garberville -	
Additional switchboard position	15,000.00
Warehouse and garage	12,000.00
Toll plant	30,000.00
Cable plant	17,000.00
Maintenance truck	6,000.00
Other improvements -	
Additional switchboard position and station equipment-Weaverville	12,000.00
Warehouse and garage-Weaverville	12,000.00
Carrier equipment	10,000.00
Outside plant	30,000.00
Maintenance truck	6,000.00
	<u>          </u>
Total	<u>\$406,114.50</u>

Financial statements filed in this proceeding indicate that applicant has invested \$355,579.12 in its telephone plants and that it has financed itself with earnings from operations and with depreciation moneys in the total amount of \$78,416.02, with stock issues aggregating \$214,775.00 par value, and with borrowed moneys. It appears that the issue of the notes herein requested is reasonably required by applicant to enable it to proceed with its program of expanding and improving its service and facilities.

#### 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 application should be granted, as herein provided; that the money, property or labor to be procured or paid for by the issue of the notes 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. The Western Telephone Company, after the effective date hereof and on or before October 31, 1953, may issue its promissory notes in an aggregate amount of not exceeding \$350,000, pursuant to the terms of the letter agreement with The Chase National Bank of the City of New York dated August 15, 1952. Applicant shall use the proceeds to be received through the issue of said notes to pay outstanding indebtedness and to finance the cost of extensions and improvements.

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(b) of the Public Utilities Code.

Dated at San Francisco, California, this 24<sup>th</sup> day of September, 1952.

A. J. [Signature]  
President  
Justice J. Coe  
Harold P. [Signature]

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Commissioners

