

ORIGINAL

Decision No. 47851

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
GILROY TELEPHONE COMPANY, a corporation	:	
for an order authorizing it to renew a)	
twenty-five thousand dollar (\$25,000.00)	:	Application
note bearing interest at 4½% and payable)	No. 33808
to the Bank of America National Trust and	:	
Savings Association.)	
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OPINION AND ORDER

This is an application for an order of the Commission authorizing Gilroy Telephone Company to issue a note in the principal amount of \$25,000 for the purpose of renewing outstanding indebtedness of like amount.

The application shows that on October 16, 1951, applicant issued to Bank of America National Trust and Savings Association its 4½% note in the principal amount of \$25,000, due October 1, 1952, for the purpose of reimbursing its treasury and of financing the cost of property, labor and equipment, as set forth in some detail in Exhibit D filed in the proceeding. The note now is past due and applicant at this time seeks authorization to issue a new note to extend the time for payment for a period of one year. It reports that it also has borrowed an additional \$30,000 recently and expects to borrow at least \$20,000 more to finance its current program of expansion and rehabilitation, and that when the program is completed it will request authorization to issue common stock in an amount sufficient to retire its borrowings.

As of June 30, 1952, applicant reports its net investment in telephone plant at \$304,362.81. It has financed itself through the issue of common stock and the use of retained earnings, its equity

capital aggregating \$302,229.24. It has no preferred stock outstanding nor long-term or other indebtedness except current liabilities. For the six months ended June 30, 1952, it reports operating revenues of \$83,715.86 and net income of \$3,862.41. Recently, by Decision No. 47650, dated September 2, 1952, the Commission authorized increases in rates designed to produce a return of 6.25% on a rate base of \$331,000.

The Commission has considered this application and is of the opinion that it should enter an order at this time authorizing the issue of the renewal note; that a public hearing is not necessary; that the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required by applicant for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Gilroy Telephone Company, on or after the effective date hereof and on or before March 31, 1953, may issue its promissory note in the principal amount of not exceeding \$25,000, payable on or before one year after date of issue with interest at not exceeding $4\frac{1}{2}\%$ per annum, for the purpose of paying or renewing a note of like amount now outstanding.
2. Gilroy 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.

3. The authority herein granted will become effective when Gilroy Telephone Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is twenty-five (\$25.00) dollars.

Dated at San Francisco, California, this 28th day of October, 1952.

R. J. [Signature]
President

Justice F. [Signature]
Harold A. [Signature]

[Signature]
[Signature]
Commissioners

