

ORIGINAL

Decision No. 50187

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of The Western Telephone Company for authority to issue notes up to an aggregate amount of \$600,000.)	Application No. 35498
-----)	

O P I N I O N

This is an application by The Western Telephone Company for authorization to issue notes up to an aggregate amount of \$600,000.

Applicant is a California corporation offering local telephone and toll service generally throughout Trinity County and in portions of Humboldt and Mendocino counties. Its financial statement of May 31, 1954, shows its net investment in telephone plant at \$677,990 and its investment in net current assets at \$57,540, a total of \$735,530. The statement indicates that applicant has financed itself from the following sources:

Notes payable	\$350,000
Contributions	4,379
Capital and surplus	<u>381,151</u>
Total	<u>\$735,530</u>

The outstanding notes are unsecured and are payable to The Chase National Bank of the City of New York. They carry interest at the rate of 4-3/4% per annum and will mature on October 31, 1954. They were issued under authorization granted by the Commission by Decision No. 47721, dated September 24, 1952, for the purpose of financing the cost of plant and equipment and of paying indebtedness.

Applicant now reports the need for additional borrowings of \$250,000 to construct dial exchanges at Willow Creek and Hayfork,

to convert the existing Weaverville exchange to dial operation and to pay for other additions and improvements to its plant. It has entered into negotiations with The Chase National Bank to increase its total borrowings to \$600,000, the amount to be used to renew the present \$350,000 of loans at their October 31st maturity, and to provide the cost of the proposed improvements and additions. The amounts thus to be borrowed will be represented by unsecured 4-1/2% notes due June 30, 1957.

It appears, in addition, that applicant is undertaking to make provision for the refinancing of the \$600,000 of bank loans through the issue of 20-year secured notes to Stromberg-Carlson Credit Corporation. Apparently, however, it has not completed its arrangements and it has not filed with the Commission a copy of the proposed mortgage it will be required to execute to secure the payment of the long-term notes.

From a review of this application it clearly appears applicant will have need for funds from external sources to enable it to meet the October maturities of its present notes and to proceed with its construction plans. An order will be entered at this time approving The Chase National Bank borrowings so as to permit applicant to carry on its plant improvements without delay. At a later date, upon receiving additional information, we will give consideration to applicant's proposal to refinance its obligations through the issue of long-term notes.

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,

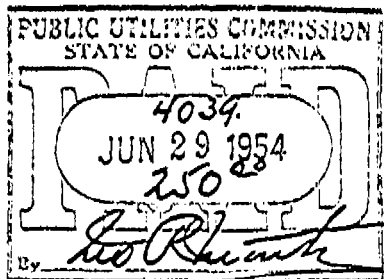
IT IS HEREBY ORDERED as follows:

1. The Western Telephone Company may issue its notes to The Chase National Bank of the City of New York in the aggregate principal amount of not exceeding \$600,000 for the purposes set forth in this application, such notes to be issued in accordance with the proposed agreement with said bank filed in this proceeding as Exhibit B.

2. Applicant 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 applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code.

Dated at San Francisco, California, this 29th day of June, 1954.



Robert E. Mitchell
President

Justin J. Quince
Werner Poggins

Commissioners