

Decision No. 50523

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of DOS PALOS TELEPHONE CO., INC.,
a corporation, for authority:

1. To enter into an amendment with the United States of America to the Telephone Loan Contract dated as of May 19, 1952, between Dos Palos Telephone Co., Inc., and United States of America;
2. To execute its promissory note or notes to United States of America pursuant to the aforesaid amendment in the sum of \$461,000.00 in addition to the previously authorized sum of \$254,000.00 provided for in the aforesaid loan agreement; said note or notes to be secured by the existing Mortgage of Realty and Chattels;
3. To apply the proceeds derived from said note or notes to the expansion, rehabilitation, and improvement of the plant, plant facilities, and of said system, and to discharge certain obligations of the company.

Application No. 34571
(Supplemental)

SUPPLEMENTAL OPINION

By Decision No. 47613, dated August 26, 1952, and by Decision No. 49060, dated September 15, 1953, the Commission authorized Dos Palos Telephone Co., Inc. to issue \$715,000 of notes to the United States of America, acting through the Rural Electrification Administration. Ordering paragraph 4 of Decision No. 49060 reads as follows:

"Dos Palos Telephone Co., Inc. shall file with the Commission, for approval, a copy of each requisition filed with the Rural Electrification Administration for an advance of funds under its loan contract, such filing, in each case, to be made prior to the time of filing with the Rural Electrification Administration."

The expenditures originally estimated and the advances of loan funds heretofore approved are as follows:

	<u>ESTIMATED AMOUNT</u>	<u>TOTAL REA ADVANCES TO DATE</u>	<u>REMAINDER</u>
Construction -			
Central office equipment	\$187,200.00	\$ -	\$187,200.00
Outside plant	207,530.00	-	207,530.00
Subscribers' installations	73,770.00	12,578.24	61,191.76
Land and buildings	48,000.00	15,502.52	32,497.48
Vehicles	2,200.00	2,200.00	-
Furniture and office equipment	1,500.00	1,425.95	74.05
Engineering fees	27,200.00	12,875.18	14,324.82
Contingencies	40,000.00	15,821.60	24,178.40
Total Construction	<u>587,400.00</u>	<u>60,403.49</u>	<u>526,996.51</u>
Legal expenses and working capital	32,180.00	-	32,180.00
Refinancing	82,720.00	82,720.00	-
Removal costs	12,700.00	-	12,700.00
Total	<u>\$715,000.00</u>	<u>\$143,123.49</u>	<u>\$571,876.51</u>

Applicant has obtained bids and has let contracts on the following construction items as part of its expansion and rehabilitation program:

Stromberg Carlson Company, central office equipment, \$147,554.70

This covers three central offices, totaling 650 lines and 1800 terminals, delivered and installed.

Bonneville Construction Co., outside plant, \$228,291.70

This covers building 53 miles of new line and modification of 80.72 miles of existing line.

Kitchen & Hunt, Architects, 7% fee contract.

This covers the design and supervision of three central office buildings to be constructed, the bids for which are to be opened September 21, 1954. The total estimated cost is \$30,000 for the buildings.

The amounts required for the construction of central office equipment, outside plant and buildings will be \$405,846.40. Each of these contracts contains certain obligations for payments to the contractors. The outside plant contract, for example, will extend over a period of approximately six months and will require monthly payments. The other contracts generally are similar in this respect, except payments are required at various stages of completion of the structures. It will be necessary for applicant to requisition funds more often and in greater amounts than in the past. Due to the contract obligations noted above, it will be necessary to make payments to the contractors without delay in order to avoid interest accruals on overdue payments.

Applicant requests the Commission at this time to authorize it to use \$405,846.40 of the proceeds from the REA notes to cover these expenditures instead of approving specific requisitions from time to time as presently required by ordering paragraph 4 of Decision No. A9060. Such authorization, if granted, will eliminate delays in the processing of requisitions and in the receipt of loan funds by applicant and should facilitate its compliance with the terms of its several construction contracts.

Applicant also requests the Commission to modify or set aside said ordering paragraph 4 so as not to require it in the future to obtain prior approval of each requisition to the Rural Electrification Administration for an advance of funds. Upon the expenditure of said sum of \$405,846.40 applicant's program, as outlined in this proceeding, will be approximately 77% completed and it does not appear necessary to require the prior approval of the requisitions with respect to the remainder of the proceeds.

Applicant will be required to confine its remaining expenditures to the project budget.

FOURTH SUPPLEMENTAL ORDER

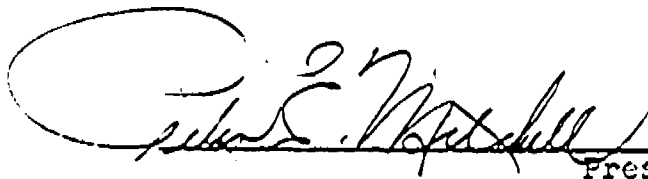
The Commission having considered the supplemental application filed in the above entitled matter and being of the opinion that a further hearing is not necessary, and that the expenditures herein authorized are reasonably required by applicant and are not, in whole or in part, reasonably chargeable to expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

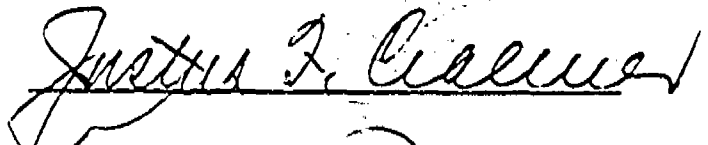
1. Ordering paragraph 4 of the order in Decision No. 49060, dated September 15, 1953, hereby is vacated and set aside.
2. Dos Palos Telephone Co., Inc. may use not exceeding \$405,846.40 of the proceeds from the issue of notes heretofore authorized by Decision No. 47613 and by Decision No. 49060 for the construction of central office equipment, outside plant and buildings, as set forth in this supplemental application.
3. Dos Palos Telephone Co., Inc. may use the remaining proceeds to be received from the issue of the notes heretofore authorized for the expansion and rehabilitation of its plants and facilities in accordance with the program set forth in this proceeding. Applicant shall file monthly reports with the Commission showing, by accounts, its expenditures of the proceeds from said notes, said monthly reports to be filed on or before the 25th day of each month.

4. This fourth supplemental order is effective on the date hereof.

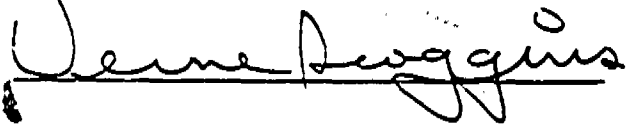
Dated at San Francisco, California, this 14th day of September, 1954.



President







Commissioners