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Decision No. _____

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA .

In the Matter of the Application of)
 COACHELLA VALLEY HOME TELEPHONE &)
 TELEGRAPH CO. for an order authoriz-)
 ing it (a) to execute a loan agree-)
 ment for \$350,000 with the PACIFIC)
 MUTUAL LIFE INSURANCE COMPANY (b))
 to execute and issue a note in the)
 amount of \$150,000, and (c) to)
 execute and deliver a supplemental)
 mortgage.)
 -----)

Application No. 38079
(First Supplemental)

FIRST SUPPLEMENTAL OPINION AND ORDER

Under authorization granted by Decision No. 53315, dated June 27, 1956, Coachella Valley Telephone Company, formerly Coachella Valley Home Telephone & Telegraph Company, executed a loan agreement with Pacific Mutual Life Insurance Company providing for loans up to \$350,000 and, pursuant to the terms of such agreement, borrowed \$150,000 of the available credit and issued \$150,000 of notes in evidence of the borrowing.

In a supplemental application filed in this proceeding on March 2, 1957, the company reports that it desires to borrow the remaining \$200,000 and it seeks an order authorizing it to issue a note for that amount, such note to bear interest at the rate of 4-3/8 per cent and to mature July 1, 1976. It intends to use the proceeds to pay existing short-term indebtedness, reported at \$65,000 on December 31, 1956, and to reimburse its treasury and to finance construction costs.

Applicant has reported that it is engaged in a construction program calling for expenditures during 1957 of \$405,000 of which,

so it estimates, \$180,300 will be provided with internal funds leaving a balance of \$224,700 to be met with borrowings and from other sources.

From a review of the matter it appears applicant will have need for the additional borrowing and we are of the opinion that the money, property or labor to be procured or paid for by the issue of the \$200,000 note herein authorized is reasonably required by applicant for the purposes specified herein, that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that an ex parte order should be entered in the pending supplemental application; therefore,

IT IS HEREBY ORDERED as follows:

1. Coachella Valley Telephone Company may issue a note on or before September 30, 1957, in the principal amount of not exceeding \$200,000, pursuant to the terms of its loan agreement with Pacific Mutual Life Insurance Company, and use the proceeds for the purposes set forth in the first supplemental application in this proceeding.

2. Coachella Valley Telephone Company 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 Coachella Valley Telephone Company has paid the fee prescribed

by Section 1904(b) of the Public Utilities Code, which fee is \$200.

4. The authorization herein granted is for the issue of a note and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

Dated at Los Angeles, California, this 26th day of March, 1957.

Robert E. Mitchell

President

Paul J. ...

William ...

R. ...

E. ...

Commissioners

