

**ORIGINAL**

Decision No. 55161

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
Sunland-Tujunga Telephone Company,  
a corporation for an Order of the  
Commission authorizing it to  
borrow \$135,000

Application No. 39122

O P I N I O N

This is an application for an order authorizing Sunland-Tujunga Telephone Company to issue a note in the principal amount of \$135,000.

By Decision No. 52489, dated January 23, 1956, the Commission, among other things, authorized Sunland-Tujunga Telephone Company to issue \$850,550 of 4.2% notes, due July 1, 1982, under the terms of a credit agreement with Occidental Life Insurance Company, for the purpose of financing a part of the 1956 and 1957 construction costs. The notes will be issued on or about July 1, 1957.

The company now reports that it has made arrangements with the insurance company to increase the loan commitment by the sum of \$135,000 from \$850,550 to \$985,550 and to provide for interest on the entire commitment at the rate of 4.35% per annum.

The purpose of the additional financing is to meet construction costs. Applicant reports that originally it had budgeted station growth for 1956 and 1957 at a total of 1,600

stations for the two-year period but that its station gain, on the basis of actual experience during 1956 and the first four months of 1957, will aggregate 2,304. It estimates that \$69,000 must be added to its current budget to meet increased subscriber service demands and that \$366,000 represents its new money requirements for 1958, as shown in detail in Schedule B attached to the application. The company reports that it will apply the additional borrowing of \$135,000 to meet part of these costs and that it proposes to issue and sell common shares during 1958 to finance the remainder.

The company's financial statements indicate that its earnings should be ample to service the proposed note and to meet other financial requirements. The capital ratios, giving effect to the proposed financing, are set forth in the application as follows:

Insurance company notes	44%
Preferred stock	8
Common stock and surplus	<u>48</u>
Total	<u>100%</u>

From a review of this matter, we are of the opinion 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 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, we will enter an order approving the application.

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.

O R D E R

The Commission having considered the above-entitled matter and being of the opinion that the application should be granted; therefore,

IT IS HEREBY ORDERED as follows:

1. Sunland-Tujunga Telephone Company may execute and enter into a first supplement to its 1956 credit agreement in, or substantially in, the same form as that filed in this proceeding as Schedule C.
2. The order in Decision No. 52489, dated January 23, 1956, hereby is amended so as to permit Sunland-Tujunga Telephone Company to issue the notes authorized thereby on or before August 1, 1957, in accordance with the terms of said credit agreement as amended by said first supplement.
3. Sunland-Tujunga Telephone Company, pursuant to its application, may borrow an additional \$135,000 and issue its note, or notes, on or before August 1, 1957, under the terms and conditions of said credit agreement as amended by said first supplement, and use the proceeds for the purposes set forth in this application.

4. Sunland-Tujunga 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.

5. The authority herein granted will become effective when Sunland-Tujunga Telephone Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$135.

Dated at Los Angeles, California, this 25<sup>th</sup> day of June, 1957.

[Signature] President  
[Signature]  
[Signature]  
[Signature]  
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 Commissioners

