

Decision No. 55190

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CAPAY VALLEY TELEPHONE SYSTEM, INC.,
a California corporation, for an
order authorizing it:

- a) To issue and sell \$25,000 of five percent cumulative preferred stock;
- b) To issue a 36-month six percent promissory note in the amount of \$2,500, to be secured by a Deed of Trust on real property owned by applicant;
- c) To apply the proceeds derived from said preferred stock and promissory note to the expansion and improvement of its plant facilities.

Application No. 39114

O P I N I O N

This is an application for an order authorizing Capay Valley Telephone System, Inc., to execute a deed of trust and to issue a note in the amount of \$2,949.84 and to issue and sell, at par, \$25,000 par value of its 5 per cent cumulative preferred stock.

Applicant owns and operates a public utility telephone system furnishing exchange service in and around the unincorporated communities of Brooks, Capay, Guinda and Rumsey in Yolo County and toll telephone service over its own lines to a toll station located in Capay, and to points beyond the Capay system, by connection with the toll facilities of The Pacific Telephone and Telegraph Company.

The application shows that as of December 31, 1956, applicant had recorded its net investment in plant in the amount of \$23,475 with outstanding long-term debt of only \$583, its financing having been provided with common stock equity funds in the amount of \$18,825 and with current liabilities. The additional financing which applicant now proposes to undertake is for the purpose of meeting the costs of installing a 30-line Kellogg relaymatic dial switching unit at Capay, to provide exchange telephone service to existing and potential subscribers, and of constructing a building at Capay to house this equipment, together with new and additional outside plant, and of replacing a utility truck. The company's estimated expenditures aggregate \$27,500, segregated as follows:

<u>Item</u>	<u>Amount</u>
Land (for central office in Capay)	\$ 204
Building	2,500
Station apparatus (primarily 75 dial handsets)	2,467
30-line Kellogg relaymatic dial switching unit	1,632
Station installations	1,760
Poles, cable and wire: (below)	13,977
120 poles, crossarms, hardware, etc.	\$4,476
Wire - 28 miles of copperweld	2,113
Labor and sales tax	2,845
Cable, 2400' 6 pr. & 4500' 16 pr.	4,543
Vehicles and other work equipment	3,627
Misc. contingent material and labor	<u>1,323</u>
Total	<u>\$27,500</u>

To meet the estimated costs, applicant proposes to borrow \$2,500 from The Diamond Match Company, such borrowing to be represented by a note in the amount of \$2,949.84, which includes not only the principal sum but also interest at the rate of 6 per cent per annum for a period of 36 months, and to

meet the remaining costs by the sale to the public of \$25,000 of preferred stock.

Financial statements filed with the application indicate that the volume of business should be ample to service the proposed stock and note issues and upon the basis of the information now before us, we are of the opinion that an order is warranted granting applicant's requests.

The approval herein indicated is for the issue of securities only 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 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 securities herein authorized is reasonably required for the purposes specified herein and that such purposes, except as otherwise authorized, are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Capay Valley Telephone System, Inc., on and after the effective date and on or before March 31, 1958, may execute a deed of trust and may issue a note in the amount of \$2,949.34, in, or substantially in, the same form as the deed of trust and note filed as Exhibit H and Exhibit G, respectively, and may issue and sell, at par, not exceeding \$25,000 par value of its 5 per cent cumulative preferred stock for the purposes set forth in this application.

2. Capay Valley Telephone System, Inc., 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 Capay Valley Telephone System, Inc., has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California, this 2nd day of July, 1957.

[Signature]
President

[Signature]

[Signature]

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[Signature]
Commissioner

