

ORIGINAL

Decision No. 58856

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
Mariposa County Telephone Company, Inc.

- (1) To enter into a loan agreement with the United States of America under and pursuant to the Rural Electrification Act of 1936, as amended, acting through the Administrator of the Rural Electrification Administration;
- (2) To execute its promissory notes to said United States of America in the sum of \$135,000, said obligation to bear interest at the rate of two percent per annum;
- (3) To execute and deliver a supplemental mortgage of realty and chattels covering all of the properties of Applicant as security for the payment of said obligation;
- (4) To apply the proceeds derived from said notes to the further expansion of the plant and facilities of said company.

Application  
No. 41283

O P I N I O N

In this application the Commission is asked to make an order authorizing Mariposa County Telephone Company, Inc., to borrow additional funds from the Rural Electrification Administration in the amount of \$135,000 and to execute a supplemental indenture.

Mariposa County Telephone Company, Inc., is a public utility owning and operating a telephone system furnishing exchange and toll telephone service in Mariposa County, California. By

Decision No. 54344, dated January 8, 1957, in Application No. 38496, it was authorized to borrow \$374,000 from the United States of America, acting through the administrator of the Rural Electrification Administration, for the purpose of expanding, rehabilitating and improving its facilities and service.

It appears that applicant has borrowed the money as authorized and has issued its notes in evidence thereof but that it now finds the demand for telephone service is greater than it originally anticipated and will require a greater expansion of telephone plant and facilities than was originally contemplated. Applicant, therefore, has negotiated an additional loan from the REA in the amount of \$135,000, which will bring its total borrowings up to \$509,000. The expenditures as originally proposed and as now contemplated are as follows:

	<u>Proposed in A.38496</u>	<u>As Revised</u>
Construction -		
Land and buildings	\$ 28,000	\$ 35,000
Central office equipment	33,135	70,000
Outside plant and sta. equip.	234,095	331,000
Right-of-way procurement	-	6,700
Removal costs	5,000	5,000
Engineering	30,100	33,600
Operations equipment -		
Office equipment	2,300	2,300
Vehicles and work equipment	6,000	6,000
General overheads -		
Construction overhead	13,200	8,380
Other loan expenditures	4,250	5,451
Working capital	1,400	-
Contingencies	18,840	7,889
Total budget	<u>376,320</u>	<u>511,320</u>
Less - equity funds	<u>2,320</u>	<u>2,320</u>
Total loan funds	<u>\$374,000</u>	<u>\$509,000</u>

At the time applicant entered into its negotiations with the REA, it furnished service to approximately 310 subscribers. Originally, it estimated that the REA loan authorization would enable it to furnish service to approximately 825 subscribers but it now estimates that it will have 900 subscribers by the end of this year.

The additional REA loan, as now proposed, follows along the same lines as the original one. The new notes will become due 35 years after date and will bear interest at the rate of 2% per annum. While the total mortgage indebtedness may be high upon completion of the program, as revised, applicant will have a modern telephone system equipped to meet the present and prospective demands for service and, under the circumstances, we are of the opinion that an order is warranted granting the application.

The authorization herein given is for the issue of notes 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 the notes herein authorized is reasonably required for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Mariposa County Telephone Company, Inc., may enter into an amendment to its loan contract with the United States of America and may execute a supplemental mortgage of realty and chattels, such documents to be in, or substantially in, the same form as those filed in this proceeding as Exhibit I and Exhibit J, respectively.

2. Mariposa County Telephone Company, Inc., may issue not to exceed \$135,000 of its mortgage notes in, or substantially in, the same form as the note filed in this proceeding as Exhibit H, for the purpose of expanding its plant and facilities.

3. Mariposa County Telephone Company, 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.

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

Dated at San Francisco, California, this 11th day of August, 1959.

Ernest R. L. Page  
President  
W. E. G. G. G.  
E. J. Fox  
Theodore H. Jenner

Commissioners

