

ORIGINAL

Decision No. 60191

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
Sierra 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 \$185,000, 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. 42224

O P I N I O N

This is an application filed on May 6, 1960, for an order of the Commission authorizing Sierra Telephone Company, Inc., (1) to issue mortgage notes in the aggregate principal amount of \$185,000, (2) to execute an amendment to its telephone loan contract with the United States of America acting through the Administrator of the Rural Electrification Administration, and (3) to execute a supplemental mortgage of realty and chattels.

Applicant is a California corporation owning and operating a telephone system furnishing exchange and toll telephone service in the unincorporated towns of Ahwahnee, Coarsegold and Raymond and vicinity in Madera and Mariposa Counties, California. By Decision No. 53760, dated September 18, 1956, in Application No. 38214, the Commission authorized the company to engage in Rural Electrification Administration financing to the extent of \$353,000, in connection with the expansion, rehabilitation and improvement of its plant and facilities, and the refinancing of indebtedness. Applicant reports that, in order to complete its revised program, it desires an additional \$185,000, which it proposes to obtain through similar Rural Electrification Administration financing. The expenditures as originally proposed and as now contemplated are reported as follows:

	Proposed in Application No. 38214	As Revised
Construction -		
Land and buildings	\$ 6,000	\$ 22,700
Central office equipment	62,000	136,700
Outside plant and station eqpt.	173,000	258,500
Right-of-way procurement	-	3,900
Removal costs	10,000	10,000
Engineering	28,000	37,000
Operations equipment -		
Office equipment	2,300	2,300
Vehicles and work equipment	-	8,500
General overheads -		
Construction overhead	12,000	12,000
Other loan expenditures	3,475	5,249
Refinancing with loan funds	34,977	34,977
Contingencies	21,248	6,174
	<u>\$353,000</u>	<u>\$538,000</u>
Total loan funds		

Although applicant's program results in a high proportion of mortgage indebtedness, it contemplates conventional 35-year 2% Rural Electrification Administration loans in order to provide a

telephone system which should enable the company to render better service to the public at low cost financing. We shall enter an order granting the application.

The approval indicated herein is for the execution of an agreement and mortgage and the issuance 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 by applicant 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,

IT IS HEREBY ORDERED as follows:

1. Sierra Telephone Company, Inc., may issue mortgage notes in the aggregate principal amount of not to exceed \$185,000, may execute an amendment to its telephone loan contract with the United States of America acting through the Administrator of the Rural Electrification Administration, and may execute a supplemental mortgage of realty and chattels, which notes, amendment and mortgage shall be in, or substantially in, the same form as those filed in

this proceeding as Exhibit F, Exhibit G and Exhibit H, respectively, and shall expend the note proceeds for the purposes set forth in this application.

2. Sierra Telephone Company, Inc., shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. This order shall become effective when Sierra Telephone Company, Inc., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$185.

Dated at San Francisco, California, this 31st day of May, 1960.

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

