

Decision No. 60249

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
Tuolumne Telephone Co. 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 \$40,000, 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. 42296

O P I N I O N

This is an application filed on May 26, 1960, for an order of the Commission authorizing Tuolumne Telephone Co., a corporation, to enter into an amendment to a telephone loan contract and to execute a supplemental mortgage of realty and chattels with the United States of America, and to issue mortgage notes in the aggregate principal amount of \$40,000 for the purpose of engaging in additional Rural Electrification Administration financing.

Applicant is a California corporation performing a public utility telephone service in a portion of the County of Tuolumne. Heretofore, the Commission has authorized the company to engage in Rural Electrification Administration financing to the extent of \$202,000 for the purposes of financing the cost of expanding, rehabilitating and improving its facilities and service, of refinancing indebtedness and of providing working capital. Applicant reports that the rate of increase of the population in its service area has exceeded estimates made in connection with the \$202,000 borrowing, and, consequently, the demand for its telephone service is more than anticipated and will require a greater expansion of telephone plant and facilities than originally contemplated.

The company reports that, in order to complete its program, it desires an additional \$40,000, which it proposes to obtain through similar Rural Electrification Administration financing, to be applied as follows:

Land and buildings	\$ 3,554
Central office equipment	16,029
Outside plant and station eqpt.	10,040
Engineering	7,579
Vehicles and work equipment	1,492
General overheads	2,376
Contingencies	2,006
Prior loan deficiency	<u>(3,076)</u>
Total	<u>\$40,000</u>

We have reviewed this application and are of the opinion, and so find, that applicant does not have sufficient funds on hand to finance its program as set forth herein; that the form of financing applicant has selected is in no way different from that

heretofore approved by the Commission; and that the amendment to the loan contract, the supplemental mortgage, and the mortgage note, as proposed, will enable applicant to improve and to increase its telephone service. Accordingly, we will enter our order granting the present application.

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. Tuolumne Telephone Co., a corporation, may enter into an amendment to its telephone loan contract, may execute a supplemental mortgage of realty and chattels, and may issue mortgage notes in the aggregate principal amount of not to exceed \$40,000, which documents shall be in, or substantially in, the same form as those filed in this proceeding.
2. Tuolumne Telephone Co., a corporation, shall use the proceeds to be received through the issue of the notes herein authorized for the purposes set forth in this application.

3. The authority herein granted shall not be construed to be indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

4. Tuolumne Telephone Co., a corporation, 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. This order shall become effective when Tuolumne Telephone Co., a corporation, has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$40.

Dated at San Francisco, California,  
this 14<sup>th</sup> day of June, 1960.

[Signature]  
President

[Signature]

[Signature]

[Signature]  
Commissioners

