

62086

ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application

of

SAN JOAQUIN TELEPHONE COMPANY,
a California corporation, for
authority to issue and sell
Debentures.

Application No. 43385

O P I N I O N

San Joaquin Telephone Company has filed the above-entitled application on May 10, 1961, for an order authorizing it to issue and sell \$290,000 of its 6% Non-Cumulative Income Debentures due June 1, 1974.

The purpose of the financing is to provide applicant with funds, after payment of expenses incident to the issue, to reimburse its treasury and to enable it to proceed with its construction program. The company estimates expenses incident to the issue at \$2,250 and it reports, as shown in detail in Exhibit F attached to the application, that during the period from January 1, 1950 to December 31, 1960, its gross expenditures for additions to plant aggregated \$1,299,754, of which \$875,710 had been provided through the issue of securities and \$424,044 from treasury cash. In addition, the company reports that during the two-year period ending on December 31, 1962, it will be called upon to expend \$290,730 for outside plant additions.

From information on file with the Commission, it appears that applicant has been experiencing a substantial growth in its service areas and that additional expenditures for plant are necessary to meet the anticipated growth and also to reduce the number of parties on its suburban lines from ten to eight. The Commission staff has reviewed applicant's construction program and advises that, in its opinion, such program is necessary and is feasible.

Upon consideration of this matter, we find and conclude that applicant has had expenditures in excess of the proposed debenture offering which have been financed with internally generated funds and for which it is now entitled to reimbursement through the issue of securities and that applicant will have need for the proceeds from the proposed debenture sale to improve its current position and to enable it to proceed with its construction program.

While the terms of the debenture are unusual, it appears to us that if applicant, on the basis of its experience, is of the opinion that it can finance itself in the manner it now proposes it should be given the opportunity to do so. We are of the opinion, however, that in offering the debentures for sale applicant shall distribute to each prospective purchaser a prospectus showing clearly all the terms and conditions of the debentures and the company's financial position and earnings experience. The prospectus shall set forth that

the authorization of the Commission is not to be construed as obligating the State of California to pay or guarantee the debentures in any way whatsoever.

The authorization herein given is for the issue of debentures 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 money, property or labor to be procured or paid for by the issue of the debentures 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. San Joaquin Telephone Company, on or after the effective date hereof and on or before December 31, 1962, may issue and sell, for cash, at not less than their face value, plus accrued interest, not to exceed \$290,000 of its 6% Non-Cumulative Income Debentures due June 1, 1974, and may use the proceeds for the purposes set forth in this application. The accrued interest from the sale of the debentures may be used for such purposes or for general corporate purposes.

2. Applicant shall prepare a prospectus in connection with its offering of said debentures along the lines indicated in the preceding opinion and shall distribute a copy of the same to each prospective purchaser of the debentures. It shall file three copies of said prospectus with the Commission before undertaking the public offering.

3. San Joaquin 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.

4. The authority herein granted will become effective when San Joaquin Telephone Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$290.

Dated at San Francisco, California,
this 6th day of JUNE, 1961.

[Signature]
President

[Signature]

[Signature]

[Signature]
Commissioners

