

**ORIGINAL**

63870

Decision No. \_\_\_\_\_

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )

FORESTHILL TELEPHONE CO.

For an order authorizing it to  
borrow up to \$60,000.00.

Application No. 44456  
Filed May 18, 1962

O P I N I O N

Foresthill Telephone Co. has filed this application for authorization to enter into a loan agreement with General Dynamics Corporation, to execute mortgages, and to issue notes in the aggregate principal amount of not to exceed \$60,000.

Applicant operates a dial system serving approximately 375 subscribers in and about Foresthill, Placer County, with operator functions being handled by the Auburn Office of The Pacific Telephone and Telegraph Company and with toll leads from Foresthill to Auburn and to Sacramento. At this time, the company, in order to improve its service, proposes to install automatic toll ticketing equipment and other improvements at a cost estimated at not to exceed \$60,000.

In order to obtain the required funds, applicant proposes to enter into a loan agreement with General Dynamics Corporation under the terms of which it can borrow, from time to time, up to \$60,000, the borrowings to be represented by

short-term 6 percent interim notes to be replaced, on or before June 30, 1964, by a final note which will be payable in 240 consecutive monthly installments, with interest at the rate of 6 percent per annum, and which will be secured by a mortgage of chattels and real property and a supplemental mortgage or mortgages. The loan agreement provides that the debt at the time the final note is executed and delivered shall not exceed 75 percent of the depreciated original cost of the company's properties.

It is true that the financial arrangements will result, percentage-wise, in a high mortgage debt. On the other hand, a field examination by our staff of the operations and facilities of applicant indicates that the proposed toll ticketing installation is a desirable operating improvement and that the company's earnings should be sufficient to service the borrowing. Under the conditions surrounding this particular transaction we will enter an order granting the application.

The authorization herein granted 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 determination of just and reasonable rates.

O R D E R

The Commission has considered the above-entitled matter and is of the opinion, and so finds and concludes, that a public hearing is not necessary, 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 ORDERED that -

1. Foresthill Telephone Co., a corporation, may enter into a loan agreement with General Dynamics Corporation in the same form, or substantially in the same form, as the loan agreement filed in this proceeding as Exhibit A and may execute and deliver a mortgage of chattels and real property and a supplemental mortgage, or mortgages, in the same forms, or substantially in the same forms, as those filed in this proceeding as Exhibit B and Exhibit B-1.

2. Foresthill Telephone Co., a corporation, for the purpose of financing the cost of improvements and of paying indebtedness, may issue its interim notes and its final note, in an aggregate amount of not to exceed \$60,000 at any one time outstanding, in the forms and under the terms and conditions set forth in said loan agreement.

3. Foresthill 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.

4. The authority herein granted shall become effective when Foresthill Telephone Co. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$60.

Dated at San Francisco, California,  
this 2nd day of JULY, 1962.

George B. Hoover  
President

Robert S. [unclear]

Robert [unclear]

Frederick B. [unclear]

Commissioners

Commissioner C. Lyn Fox, being necessarily absent, did not participate in the disposition of this proceeding.

