

ORIGINAL

Decision No. 64460

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CAPAY VALLEY TELEPHONE SYSTEM, INC.

For an order authorizing it to
borrow up to \$84,000.00 and to
mortgage its assets as security
therefor.

Application No. 44813
Filed September 27, 1962

O P I N I O N

Capay Valley Telephone System, Inc., 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 \$84,000.

Applicant operates a public utility telephone system in and about Capay and Guinda, Yolo County. It reports that it has experienced an increasing demand for telephone service requiring the installation of carrier and dial equipment and other facilities and it estimates it will be required to spend \$84,000 for these purposes.

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 \$84,000, the borrowings to be represented by 6 percent interim demand notes to be replaced, on or before December 31, 1965, 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 staff has made a field examination of applicant's operations and facilities. We have reviewed the matter and we find that the proposed note issues are for proper purposes; 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 purposes specified herein; and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. We will enter our order granting applicant's request.

The authorization herein given is for the issue of notes 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 having determined that a public hearing is not necessary and that the application should be granted, therefore,

IT IS ORDERED that -

1. Capay Valley Telephone System, Inc., 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. Capay Valley Telephone System, Inc., for the purpose of financing the cost of improvements as set forth in this application, may issue its interim demand notes and its final note, in the aggregate amount of not to exceed \$84,000 at any one time outstanding, such notes to be issued in accordance with the terms of said loan agreement.

3. Capay Valley Telephone System, Inc., 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 Capay Valley Telephone System, Inc., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$84.

Dated at San Francisco, California,
this 30th day of OCTOBER, 1962.

George J. Grover
President
[Signature]
[Signature]
[Signature]
Frederic B. Helms
Commissioners

