

ORIGINAL

Decision No. 65348

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 \$676,000, 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 construction of facilities in Shasta and Tehama Counties.

Application No. 45295
Filed March 29, 1963

O P I N I O N

This is an application for an order of the Commission authorizing Tuolumne Telephone Co., Inc. to execute a supplemental loan agreement and supplemental mortgage and to issue notes in the principal amount of \$676,000.

The application shows that Tuolumne Telephone Co., Inc. is, and for some years has been, engaged in operating a telephone system in Tuolumne County; that it has financed itself, primarily, with secured loans from the Rural Electrification Administration; and that in 1962 it was authorized by the Commission, by Decision No. 64113, dated August 14 of that year, to establish telephone service in Shasta and Tehama Counties from the Oak Run and Shingletown Exchanges, such authority to expire if not exercised before March 1, 1964.

It appears that the company, in order to finance the plant costs in its new territory, has had negotiations with the Rural Electrification Administration to obtain an amendment to its loan contract, so as to increase the authorized borrowing, and that it has made arrangements to borrow up to \$676,000 for this purpose. The borrowing will follow along conventional R.E.A. financing terms and will be represented by notes bearing interest at the rate of 2% per annum and payable 35 years after the date, or dates, of issue. The company heretofore has executed a mortgage to the United States of America in connection with the financing of its Tuolumne plant and it proposes at this time to execute a supplemental mortgage in connection with the additional financing. Copies of the form of the proposed notes, the amendment to the loan contract, and the supplemental mortgage are annexed to the application.

The staff of the Commission has made an examination of the proposed construction program. We have reviewed this matter and the 1962 proceeding and we are of the opinion, and find, that the present application should be granted; that the money, property or labor to be procured or paid for by the issue of the note, or 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. A public hearing is not necessary.

The authorization herein granted is for the issue of notes and is not to be construed as indicative of amounts to be included in future proceedings for the purpose of determining just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Tuolumne Telephone Co., Inc., on or after the effective date hereof and on or before June 30, 1964, may enter into an amendment to its loan contract with the United States of America acting through the Administrator of the Rural Electrification Administration; may execute a supplemental mortgage of realty and chattels; and may issue a note, or notes, in the aggregate principal amount of not to exceed \$676,000, in the form, under the terms and for the purposes set forth in this application.

2. Tuolumne Telephone Co., Inc. 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.

3. The authority herein granted shall become effective when Tuolumne Telephone Co., Inc. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$676.

Dated at San Francisco, California,
this 14th day of MAY, 1963.

George L. Hoover
President

Frederic B. Hilsbiff

Salmon W. Burns

Commissioners

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

