

ORIGINAL

Decision No. 67100

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
Tuolumne Telephone Co.

- (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 note to said United States of America in the sum of \$179,000, said obligation to bear interest at the rate of two percent per annum;
- (3) To apply the proceeds derived from said note to the construction of facilities in Shasta and Tehama Counties.

Application No. 46238  
Filed February 28, 1964  
and Amendment  
Filed April 3, 1964

O P I N I O N

This is an application for an order of the Commission authorizing Tuolumne Telephone Co. to execute an amendment to its telephone loan contract with the United States of America, acting through the Administrator of the Rural Electrification Administration, and to issue a mortgage note in the principal amount of \$179,000.

The application shows that applicant provides automatic dial exchange telephone service to approximately 585 company-owned stations in portions of Tuolumne County. It has financed the plant

investment in its Tuolumne Exchange primarily with secured loans of \$242,000 from the Rural Electrification Administration, and it has been authorized to establish telephone service in Shasta and Tehama Counties from the Oak Run and Shingletown Exchanges.

By Decision No. 65348, dated May 14, 1963, in Application No. 45295, the Commission authorized the corporation to borrow an additional \$676,000 through the Rural Electrification Administration for the purpose of financing the construction of telephone facilities in the new territory. Applicant alleges that plant installations originally contemplated for the area will be increased to provide service for 330 more company-owned stations than were previously estimated and that such increase, together with the installation of a substantial amount of buried plant and facilities for expanded four-party rural service, will require additional expenditures of \$179,000.

Applicant reports that it 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 \$179,000 for the purpose of financing said expansion in plant. The borrowing will follow conventional terms of loans made through the Rural Electrification Administration and will be represented by a 2% thirty-five year mortgage note. The indebtedness to be represented by such note will be secured by the existing mortgage of realty and chattels dated February 20, 1957, as amended or supplemented. Copies of the form of the proposed mortgage note and the amendment to the loan contract are annexed to the application.

The Commission has considered this matter and finds that: (1) the proposed loan is for a proper purpose; (2) the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose specified herein; and (3) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

The authorization herein granted is for the issue of a mortgage note and the execution of an amendment to a loan contract, and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Tuolumne Telephone Co. may execute and enter into an amendment to its loan contract with the United States of America, acting through the Administrator of the Rural Electrification Administration, and may issue a mortgage note in the principal amount of not to exceed \$179,000, in the form, under the terms and for the purpose set forth in this application.

2. Tuolumne Telephone Co. shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is hereby made a part of this order.

3. This order shall become effective when Tuolumne Telephone Co. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$179.

Dated at San Francisco, California, this 21<sup>ST</sup> day of April, 1964.

*William C. Bennett*  
President  
*George E. Hoover*  
*Frederick B. Holoboff*  
Commissioners

