

ORIGINAL

Decision No. 67135

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of THE PONDEROSA TELEPHONE CO.

For an order authorizing it to
borrow up to \$184,000.00

Application No. 46291
Filed March 16, 1964

O P I N I O N

This is an application for an order of the Commission authorizing The Ponderosa 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, to execute supplemental mortgages, and to issue \$184,000 aggregate principal amount of notes.

The application shows that the company provides telephone service as a public utility to approximately 570 subscribers in portions of Fresno and Madera Counties, and that it has financed its plant investment primarily with secured loans aggregating \$1,110,000 obtained through the Rural Electrification Administration pursuant to authority granted by Decision No. 62817, dated November 21, 1961, as amended by Decision No. 64054, dated August 7, 1962, in Application No. 43805. Because of increasing demand for telephone services, the corporation alleges that additional borrowings will be required for expansion of central office equipment.

Applicant reports that it has negotiated with the Rural Electrification Administration for amendment to its loan contract in order to borrow an additional \$184,000 for the purpose of financing the cost of plant expansion. The borrowing will follow conventional terms of loans made by the Rural Electrification Administration and will be represented by a 2% thirty-five year mortgage note, or notes. The indebtedness to be represented by such note, or notes, will be secured by the existing mortgage of realty and chattels dated January 23, 1962, as amended or supplemented. Copies of the form of the amendment to the loan contract, supplemental mortgage, and mortgage note are attached 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, or notes, 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 application should be granted. A public hearing is not necessary.

The authorization herein granted is for the issue of a mortgage note, or notes, and the execution of supplemental mortgages and 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. The Ponderosa 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, may execute supplemental mortgages of realty and chattels, and may issue a mortgage note, or notes, in the aggregate principal amount of not to exceed \$184,000, in the form, under the terms and for the purpose set forth in the application.

2. The Ponderosa 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 The Ponderosa Telephone Co. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$184.

Dated at San Francisco, California, this 28th day of April, 1964.

William L. Beards
President

John E. [Signature]

George [Signature]

George L. Grover

Frederick B. Holdhoff
Commissioners

