

ORIGINAL

Decision No. 69428

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of COLFAX TELEPHONE EXCHANGE, a)
corporation, for authority:)

1. To enter into two amendments)
to amending telephone loan contract)
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)
(REA);)

Application No. 47658
Filed June 11, 1965

2. To execute its promissory)
note to said United States of)
America in the sum of \$88,000,)
said obligation to bear interest)
at the rate of 2% per annum;)

3. To execute its promissory)
note to said United States of)
America in the sum of \$103,000;)
said obligation to bear interest)
at the rate of 2% per annum;)

4. 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)
obligations;)

5. To apply the proceeds)
derived from said notes to the)
expansion and improvement of the)
plant, plant facilities, and said)
system.)

O P I N I O N

This is an application for an order of the Commission authorizing Colfax Telephone Exchange (1) to enter into two agreements designated as Amendments to its Amending Telephone

Loan Contract with the United States of America acting through the Administrator of the Rural Electrification Administration, (2) to execute and deliver an instrument known as a Supplemental Mortgage and Financing Statement under Uniform Commercial Code of California, and (3) to issue and deliver mortgage notes in the aggregate principal amount of \$191,000.

Applicant is a California corporation performing a public utility telephone service in and about the City of Colfax, Placer County, with lines extending into Nevada County. Heretofore, the Commission has authorized the company to engage in Rural Electrification Administration financing to the extent of \$504,000 in connection with the rehabilitation and extension of its facilities, \$447,681 of which remained outstanding as of December 31, 1964, according to the application. Applicant reports that in order to continue its program to improve and extend its facilities, the company has need for an additional \$191,000 which it proposes to obtain through similar Rural Electrification Administration financing.

Applicant proposes to use the loan proceeds (a) to purchase additional central office, outside plant and station equipment in connection with the extension of service to approximately 277 new subscribers not included in prior expenditures; (b) to purchase and install mobile dial radio-telephone equipment; (c) to improve service for existing subscribers on ten-party lines; and (d) to provide funds for working capital, removal costs, and materials and supplies.

The additional advances will be represented by conventional 2% thirty-five year Rural Electrification Administration mortgage notes. The indebtedness to be represented by said notes will be secured by an existing mortgage of realty and chattels dated as of July 28, 1953, as amended and supplemented.

Upon consideration of this matter we find that:

(1) the proposed notes are for proper purposes; (2) 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; (3) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; and (4) the proposed supplemental mortgage would not be adverse to the public interest. A public hearing is not necessary.

On the basis of the foregoing findings we conclude that the application should be granted. The authorization herein given 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. Colfax Telephone Exchange may enter into agreements with the United States of America, acting through the Administrator of the Rural Electrification Administration,

may execute and deliver an instrument designated as a Supplemental Mortgage and Financing Statement under Uniform Commercial Code of California, and may issue mortgage notes in the aggregate principal amount of not to exceed \$191,000, in the same form, or in substantially the same form, as those attached to the application, and shall expend the proceeds for the purposes set forth in the application.

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

3. Within sixty days after the effective date of this order, Colfax Telephone Exchange shall file with this Commission -

- a. A detailed statement of the estimated capital costs of equipment, facilities and appurtenances related to providing each of the services described in the application;
- b. Estimated annual revenue effects from each of the services described in the application; and
- c. Estimated time of completion of the proposed additions, extensions and upgrading 10-party service to 1-, 2-, or 4-party service upon approval from the Rural Electrification Administration.

4. This order shall become effective when Colfax Telephone Exchange has paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$191.

Dated at San Francisco, California, this 27th day of JULY, 1965.

Fredrick B. Holdhoff
President

George J. Grover

Angela

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.

