

ORIGINAL

Decision No. 70660

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of)
)
 GILROY TELEPHONE COMPANY,)
 a California corporation,)
)
 for authority to renew)
 certain promissory notes.)

Application No. 48362
 Filed March 31, 1966
 and Amendment
 Filed April 21, 1966

O P I N I O N

Gilroy Telephone Company requests authorization from the Commission to issue and refund certain promissory notes in the aggregate principal amount of \$200,000.

Applicant owns and operates a telephone system serving a portion of Santa Clara County in and around the City of Gilroy. The application shows that, as of March 31, 1966, the company had promissory notes outstanding in favor of Bank of America National Trust and Savings Association in the total principal amount of \$600,000, the proceeds of which have been used for construction purposes. Said notes include an unauthorized \$50,000 renewal note payable more than twelve months after the date of the original note and \$150,000 of other short-term notes issued prior to September 30, 1965.

In this proceeding the company proposes to extend the due date for repaying the indebtedness represented by said notes aggregating \$200,000. To enable it to accomplish such objective, applicant seeks authority to issue a note, or notes,

in the aggregate principal amount of \$200,000, and notes refunding the same, all of which will be due and payable not later than September 30, 1966. The notes will bear interest at the rate of 5-3/4% per annum.

It appears that the bank is willing to renew short-term loans and to increase the line of credit pending completion of applicant's arrangements to obtain permanent financing prior to September 30, 1966.

The Commission has considered this matter and finds 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; and (3) such purposes are 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, as amended, should be granted. A public hearing is not necessary.

The authority herein granted is for the issue of notes 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. Gilroy Telephone Company may issue a promissory note, or notes, and notes refunding said notes all bearing

maturity dates prior to October 1, 1966, in the aggregate principal amount of not to exceed \$200,000 for the purposes specified in this proceeding. The notes shall be in the same form, or in substantially the same form, as that attached to the amendment to the application, and shall bear interest at a rate of not to exceed 5-3/4% per annum.

2. Gilroy Telephone Company 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. This order shall become effective when Gilroy Telephone Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$200.

Dated at San Francisco, California,
this 10th day of MAY, 1966.

Fredrick B. Holblitt
President
George T. Weaver
Augustin
Hollman G. ...
Commissioners

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

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
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