

ORIGINAL

Decision No. 71746

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
))
THE SISKIYOU TELEPHONE COMPANY)
))
for an order authorizing it to)
borrow up to \$851,000, issue)
notes therefor and execute)
supplemental security)
instruments.)

Application No. 48839
Filed October 6, 1966

O P I N I O N

This is an application for an order of the Commission authorizing The Siskiyou Telephone Company (1) to enter into an Amendment to its Telephone Loan Contract with the United States of America, acting through the Administrator of the Rural Electrification Administration, (2) to execute and deliver Supplemental Mortgages and Financing Statements and (3) to issue and deliver Mortgage Notes in the aggregate principal amount of not to exceed \$851,000.

Applicant is a California corporation operating as a public utility telephone company serving portions of the County of Siskiyou. Heretofore, the Commission has authorized the company to engage in Rural Electrification Administration financing to the extent of \$1,882,000 in connection with the rehabilitation and extension of its facilities. The utility reports that the demand for increased numbers and higher grades

of telephone services has required, and again requires, the expansion of its central office equipment and outside plant and building. It proposes to obtain an additional \$851,000 through similar Rural Electrification Administration financing in order to pay for the following:

Purchase of land and construction of building	\$ 34,300
Dial switching and microwave central office equipment	272,600
Telephone instruments and installations	60,500
Right of way procurement	3,700
Poles, cable, wire and microwave antenna and towers	468,000
Vehicles and other work equipment	<u>11,900</u>
Total	<u>\$851,000</u>

The \$851,000 borrowing contemplated in this proceeding will follow the usual terms for loans made through the Rural Electrification Administration, and will be evidenced by 35-year notes bearing interest at the rate of 2% per annum. The notes will be secured by an existing mortgage as amended or supplemented. In addition, the company will be obligated to make particular showings to the lender with respect to serving the Somes Bar area.

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; (3) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; and (4) the proposed documents will 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 granted is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates. Moreover, in future rate proceedings any revenue deficiency resulting from the Somes Bar extension will not be allowed to become a burden on applicant's other customers nor upon The Pacific Telephone and Telegraph Company through the toll settlement agreement, and applicant will be obligated to bear the burden of proof to substantiate its results of operation of such extension.

O R D E R

IT IS ORDERED that:

1. The Siskiyou Telephone Company may execute and enter into an Amendment to its Telephone Loan Contract with the United States of America, acting through the Administrator of the Rural Electrification Administration, and may execute and deliver Supplemental Mortgages and Financing Statements, which documents shall be in the same form, or in substantially the same form, as those attached to the application as Exhibits A and B, respectively.

2. The Siskiyou Telephone Company, for the purposes specified in this proceeding, may issue and deliver Mortgage Notes in the aggregate principal amount of not to exceed \$851,000, which notes shall be in the same form, or in substantially the same form, as Exhibit C attached to the application.

3. The Siskiyou 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.

4. Within six months after completion or suspension of construction to be financed through notes authorized in this proceeding, The Siskiyou Telephone Company shall submit for Commission review a depreciation study reflecting such construction, together with related retirements and net salvage.

5. This order shall become effective when The Siskiyou Telephone Company has paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$851.

Dated at San Francisco, California, this 27th day of DECEMBER, 1966.

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

Commissioner George G. Grover did not participate in the disposition of this proceeding.

[Signature]
President

Fredrick B. Halbach

[Signature]

Commissioners

