

ORIGINAL

Decision No. 75142

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
)	
EVANS TELEPHONE COMPANY,)	
a corporation,)	
)	Application No. 50712
for authority to)	Filed November 27, 1968
)	
A. Borrow and issue notes for)	
up to \$120,000, and)	
)	
B. Execute a Mortgage and)	
Supplemental Mortgages.)	

O P I N I O N

This is an application for an order of the Commission authorizing Evans Telephone Company to enter into a Loan Agreement for the borrowing of \$120,000, and to issue notes and execute and deliver a mortgage and supplemental mortgages in accordance with such agreement.

Applicant is a California corporation furnishing telephone service in and about the City of Patterson, Stanislaus County. For the nine months ended September 30, 1968, the company reports total operating revenues of \$292,713 and a net income of \$35,219. As of September 30, 1968, it reports total assets of \$884,165, offset by liabilities and capital amounting to \$354,210 and \$529,955, respectively.

The application shows that in order to meet an increasing demand for higher grades of telephone service, applicant has engaged in a program for converting from ten-party to four-party service in rural areas, and from four-party to two-party service in the base rate area. It appears that such demand has required the company to expand its central office equipment and outside plant facilities. In this connection the utility reports that a short-term bank borrowing of \$120,000 is the source of funds used for the following:

Central office equipment	\$ 59,000
Station equipment	7,000
Outside plant	<u>54,000</u>
Total	<u>\$120,000</u>

For the purpose of obtaining funds to repay the short-term bank indebtedness, applicant has negotiated a Loan Agreement with Stromberg-Carlson Corporation, whereby the borrowing of \$120,000 will be secured by a mortgage and one or more supplemental mortgages. On an interim basis applicant will issue one or more demand notes providing for the payment of interest each month at the rate of 7% per annum. Not later than August 15, 1970, applicant will issue a final note in an amount equal to the total unpaid principal balance of the interim note or notes, and in exchange for the latter. The final note will provide for the repayment of principal in 240 monthly installments, together with interest computed at the rate of 7% per annum on unpaid principal.

After consideration the Commission finds that: (1) the proposed note issues 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. 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 purpose of this proceeding only 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. Evans Telephone Company, on or after the effective date hereof, may enter into a Loan Agreement with Stromberg-Carlson Corporation, may execute and deliver a mortgage and supplemental mortgages and, for the purposes specified in this proceeding, may issue interim and final promissory notes in the aggregate principal amount of not exceeding \$120,000 at any one time outstanding. The documents shall be in the same form, or in substantially the same form, as those attached to the application.

2. Evans 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 Evans Telephone Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$120.

Dated at San Francisco, California,
this 10th day of DECEMBER, 1968.

William Synious Jr.

President

Arvid P. Monness

Commissioners

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

Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.

