

**ORIGINAL**

Decision No. 75770

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
HAPPY VALLEY TELEPHONE COMPANY, )  
a corporation, )  
for authority to )  
A. Borrow and issue notes for up )  
to \$75,000, and )  
B. Execute a Mortgage and )  
Supplemental Mortgages. )

Application No. 51094  
Filed May 22, 1969

O P I N I O N

Happy Valley Telephone Company requests an order of the Commission authorizing it to enter into a Loan Agreement for the borrowing of \$75,000, and to issue notes and execute and deliver a mortgage and supplemental mortgages in accordance with such agreement.

Applicant is a California corporation with telephone exchanges at Platina and Olinda in the County of Shasta. For the year 1968 the company reports total operating revenues of \$85,095 and a net income of \$6,864. As of December 31, 1968, it reports total assets of \$157,327 offset by liabilities and capital amounting to \$67,531 and \$90,296, respectively.

According to the application, the utility continues to experience an increasing demand for higher grades of telephone service, and recently the company has added central office equipment and outside plant facilities. In this connection

applicant reports that it has issued short-term notes aggregating \$75,000, and that it has allocated the proceeds to the following:

	<u>Platina Exchange</u>	<u>Olinda Exchange</u>	<u>Total</u>
Central office equipment	\$13,000	\$36,000	\$49,000
Outside plant material	<u>17,000</u>	<u>9,000</u>	<u>26,000</u>
Total	<u>\$30,000</u>	<u>\$45,000</u>	<u>\$75,000</u>

For the purpose of obtaining funds to repay the short-term borrowings applicant has negotiated a Loan Agreement with Stromberg-Carlson Corporation whereby the borrowing of \$75,000 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 7-3/4% per annum. Not later than October 31, 1971, 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 7-3/4% 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. Happy Valley Telephone Company, on or after the effective date hereof, may enter into a Loan Agreement with Stromberg-Carlson Company, 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 \$75,000 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. Happy Valley 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 Happy Valley Telephone Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$75.

Dated at SAN FRANCISCO, California, this 16<sup>th</sup> day of JUNE, 1969.

William Symons Jr.  
President

Charles P. M. Massell  
W. H. HARRIS  
Thomas A. Gatov  
Commissioners

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

