

**ORIGINAL**

Decision No. 76144

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION OF )  
 THE VOLCANO TELEPHONE COMPANY for )  
 authority to borrow from the Bank )  
 of America sums not to exceed in )  
 total \$200,000.00 and to execute )  
 its unsecured promissory notes )  
 therefor, such notes to bear )  
 interest at the rate being paid )  
 for Standard Commercial Loans )  
 at the time the sums are borrowed. )  
 (California Administrative Code, )  
 Title 20, Article 4 - Rule 15) )

Application No. 51291  
 Filed August 1, 1968

O P I N I O N

The Volcano Telephone Company requests an order of the Commission authorizing it to issue promissory notes in the aggregate principal amount of not exceeding \$200,000.

Applicant is a California corporation operating a public utility telephone system serving portions of Amador and Calaveras counties. For the year 1968, it reports total operating revenues and net income of \$329,587 and \$50,852, respectively. The application shows that at the present time the company is serving approximately 1,774 subscribers. Applicant has financed the bulk of its construction program with funds borrowed through the Rural Electrification Administration, with which it is negotiating for an additional loan.

In order to obtain up to \$200,000 of funds on an interim basis for construction pending receipt of the anticipated borrowings, applicant proposes to issue unsecured notes in favor of Bank of America National Trust and Savings Association. The notes will bear interest at the rate being paid for Standard Commercial Loans at the time the sums are borrowed, and will be repayable no later than two years after the first loan is made.

It appears that applicant is serving an area of rapidly growing population, which necessitates new installations, line extensions and additions to plant, and that the proposed financing will enable the utility to provide new facilities and to upgrade present services.

After consideration the Commission finds that: (1) the proposed notes are for a proper purpose; (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 purpose specified herein; and (3) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing 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, nor as an indication of the action the Commission will take with respect to an application for additional Rural Electrification Administration financing.

O R D E R

IT IS ORDERED that:

1. The Volcano Telephone Company, on or after the effective date hereof and on or before December 31, 1970, for the purpose specified in this proceeding, may issue promissory notes in the aggregate principal amount of not exceeding \$200,000. The notes shall be in the same form, or in substantially the same form, as Exhibit C filed in this proceeding, and shall bear due dates and interest rates consistent with the application.

2. The Volcano 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 The Volcano 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 10<sup>th</sup> day of SEPTEMBER, 1969.

*William J. ...*  
President

*J. ...*

*Yuan L. ...*  
Commissioners

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

