

ORIGINAL

Decision No. 77414

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
The Volcano Telephone Company )

(1) To enter into an amended and )  
supplemental loan agreement )  
with the United States of )  
America under and pursuant to )  
the Rural Electrification Act )  
of 1936, as amended, acting )  
through the Administrator of )  
the Rural Electrification )  
Administration; )

Application No. 51947  
Filed June 8, 1970

(2) To execute its promissory note )  
to said United States of )  
America in the sum of )  
\$875,000.00, said obligation )  
to bear interest at the rate )  
of two percent per annum; )

(3) To execute and deliver a )  
supplemental mortgage of realty )  
and chattels covering all of )  
the properties of applicant as )  
security for the payment of )  
said obligation; )

(4) To apply the proceeds derived )  
from said note to the further )  
expansion of the plant and )  
facilities of said company. )

O P I N I O N

The Volcano Telephone Company seeks an order of the  
Commission authorizing it (a) to enter into an Amendment to its  
Telephone Loan Contract, as amended, with the United States of America,

acting through the Administrator of the Rural Electrification Administration, (b) to issue and deliver a Mortgage Note in the principal amount of not exceeding \$875,000, and (c) to execute and deliver a Mortgage and Financing Statement.

Applicant is a California corporation owning and operating a telephone system serving portions of Amador and Calaveras Counties. Heretofore, the Commission has authorized the company to engage in Rural Electrification Administration financing to the extent of \$1,001,000 for the purposes of refinancing indebtedness and financing the construction of facilities in its service area. In order to obtain funds for discharging previously authorized indebtedness incurred for interim construction, and for continuing its construction and expansion program, applicant proposes to borrow an additional \$875,000 through similar Rural Electrification Administration financing. As support for the proposed borrowing, statements entitled Master Telephone Budget, Forecast of Revenues and Expenses, and Telephone Loan Feasibility Study are attached to the application as Exhibit B.

The proposed borrowing will be evidenced by a 35-year Mortgage Note in the principal amount of not exceeding \$875,000, which note will bear interest at the rate of 2% per annum. The note will be secured by a Mortgage and Financing Statement.

After consideration the Commission finds that:

1. The proposed note is for proper purposes.
2. The money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purposes specified herein, which purposes, except as otherwise authorized for the payment of accrued interest on indebtedness incurred for interim construction, are not, in whole or in part, reasonably chargeable to operating expenses or to income.
3. The proposed documents would not be adverse to the public interest.

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 (a) amounts to be included in proceedings for the determination of just and reasonable rates, or (b) concurrence in the reasonableness of serving arrangements or tariff modifications proposed by the Rural Electrification Administration.

O R D E R

IT IS ORDERED that:

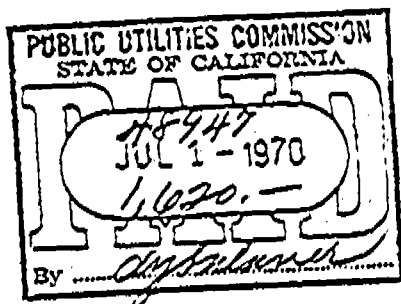
1. The Volcano Telephone Company may issue and deliver a Mortgage Note in the principal amount of not exceeding \$875,000, may enter into an Amendment to its Telephone Loan Contract, as amended, with the United States of America, acting through the Administrator of

the Rural Electrification Administration, and may execute and deliver a Mortgage and Financing Statement. The documents shall be in the same form, or in substantially the same form, as those attached to the application as Exhibits D, E and F, respectively. The note proceeds shall be applied to the purposes set forth in this proceeding.

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.

Dated at San Francisco, California,  
this 30<sup>th</sup> day of JUNE, 1970.



William S. ...  
President

Augusta ...  
[Signature]

[Signature]

James L. Sturgeon  
Commissioners