

Decision No. 77804

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of )  
 )  
 KERMAN TELEPHONE CO. )  
 a California corporation, )  
 )  
 for an order authorizing issuance of )  
 \$100,000 of 20 year notes. )

Application No. 52200  
Filed September 18, 1970

O P I N I O N

Kerman Telephone Co. requests an order of the Commission authorizing it to issue unsecured notes in the aggregate principal amount of \$100,000.

Applicant is a California corporation which owns and operates telephone systems in Kerman and Biola and surrounding territory. For the year 1969, the company reports total operating revenues and net income of \$480,504 and \$39,524, respectively. As of June 30, 1970, the utility reports assets and liabilities as follows:

Assets

Telephone plant less depreciation reserve	\$727,957
Current assets	89,617
Deferred charges	<u>6,134</u>
Total	<u>\$823,708</u>

Liabilities

Preferred stock	\$230,600
Common stock	211,925
Capital surplus	2,985
Earned surplus	59,450
Long-term debt	210,500
Short-term notes payable	73,500
Other current liabilities	<u>34,748</u>
Total	<u>\$823,708</u>

The company proposes to refinance all or a portion of the outstanding indebtedness represented by short-term notes totaling \$73,500, which indebtedness was incurred for financing plant expansion. In addition, applicant desires to obtain additional funds from external sources for financing a portion of its continuing construction requirements. Exhibit C, attached to the application, sets forth in some detail the purposes for which the company expended its short-term loan funds, and proposes to expend funds for an estimated \$80,000 of future construction, completion, extension and improvement of its facilities.

In connection with its proposed refinancing and additional financing, applicant seeks authority to issue notes in the aggregate principal amount of \$100,000 to bonafide residents of the State of California. The notes will bear interest at the rate of 10% per

annum, and will be callable at the option of the utility without penalty of any kind before they mature.

After consideration the Commission 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; and (3) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary.

On the basis of the foregoing findings we conclude that the application should be granted. The action taken herein shall not 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. Kerman Telephone Co., on or after the effective date hereof and on or before December 31, 1972, for the purposes specified in this proceeding, may issue to bonafide residents of the State of California notes in the aggregate principal amount of not exceeding \$100,000. The notes shall be in the same form, or in substantially the same form, as Exhibit D attached to the application.

2. Kerman Telephone Co. 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 Kerman Telephone Co. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$200.

Dated at San Francisco, California,  
this 14th day of October, 1970.

J. Robinson  
Chairman

Regulator

William Lyons, Jr.

Thomas W. ...

Verma L. Steyer  
Commissioners

