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ORIGINAL

Decision No. 80180

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. 53237  
(Filed March 27, 1972)

O P I N I O N

Happy Valley Telephone Company seeks 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 furnishing telephone service in and about the community of Anderson in Shasta County. For the year 1971 it reports operating revenues and net income in the respective amounts of \$163,803 and \$21,834. Its reported balance sheet at December 31, 1971, is summarized as follows:

Assets

Current assets	\$ 82,009
Net telephone plant	341,603
Other assets	<u>177</u>
Total	<u>\$423,789</u>

Liabilities

Current and accrued liabilities	\$ 52,695
Funded debt	220,247
Advances from affiliates	18,711
Common stock equity	<u>132,136</u>
Total	<u>\$423,789</u>

The application indicates that the company has continued to experience increasing demand for added and higher grades of telephone service, necessitating substantial additions to central office equipment and outside plant facilities at an estimated cost in excess of \$75,000.

For the purpose of providing funds to finance, in part, such additions, applicant has negotiated a Loan Agreement with Stromberg-Carlson Corporation whereby short-term borrowings in an aggregate principal amount of not exceeding \$75,000 would be made available as needed and would be evidenced by demand notes. Interest on said demand notes would be payable monthly at a rate per annum 2-1/2% over the New York City Bank prime interest rate in effect on the first day of each month. On or before December 31, 1973, a final note in the principal amount of not exceeding \$75,000 would be substituted for said demand notes and would be secured by

a mortgage and one or more supplemental mortgages. The final note would be repayable in 240 monthly installments, together with interest at the rate of 9-1/2% per annum on unpaid principal.

After consideration the Commission finds that:

1. The proposed note issues are for proper purposes.
2. The proposed documents would not be adverse to the public interest.
3. 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 which purposes are 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.

O R D E R

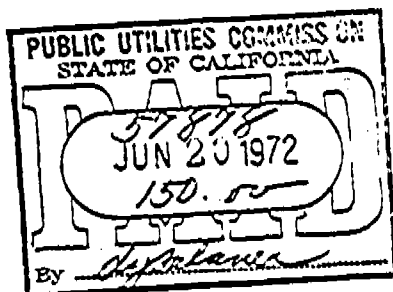
IT IS ORDERED that:

1. Happy Valley Telephone Company, on or after the effective date hereof, may enter into a Loan Agreement with Stromberg-Carlson Corporation, may execute and deliver a mortgage and supplemental mortgages and, for the purposes specified in the application, 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 substantially the same forms as those attached to the application.

2. Happy Valley Telephone Company shall file with the Commission the reports 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 \$150.

Dated at San Francisco, California, this 20<sup>th</sup> day of JUN, 1972.



Chairman  
William J. Simon  
[Signature]  
Vernon L. Sturgeon  
[Signature]  
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.