

Decision No. 80359

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of Tuolumne Telephone Co.

- (1) To enter into an amendment to 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;
- (2) To execute its promissory note to Rural Telephone Bank in the sum of \$403,200.00, said obligation to bear interest at the rate of four per centum per annum, to execute its promissory note to said United States of America in the sum of \$376,000.00, said obligation to bear interest at the rate of two per centum per annum; and to execute a supplemental mortgage further securing such notes;
- (3) To apply the proceeds derived from said notes to financing the construction and operation of additional telephone lines and facilities in the Counties of Tuolumne, Tehama and Shasta.

Application No. 53309  
(Filed May 4, 1972)

O P I N I O N

Tuolumne Telephone Co. seeks authority (1) to enter into a supplemental loan agreement; (2) to issue its Rural Electrification Administration promissory note in the principal amount of \$376,000; (3) to issue its Rural Telephone Bank promissory note in the principal amount of \$403,200; and (4) to execute and deliver a supplemental mortgage.

Applicant is a California corporation engaged in the business of furnishing exchange and toll telephone service in the Counties of Shasta, Tehama and Tuolumne. The company reports that it furnishes automatic dial exchange telephone service to approximately 1,058 company-owned stations within its Tuolumne exchange, and 712 in Shasta and Tehama Counties.

The utility proposes to construct a new warehouse building at Shingletown and an addition to its Tuolumne headquarters building. Furthermore, it proposes to construct telephone facilities to extend service to approximately 345 new subscribers.

In order to provide funds for such construction and extension of service, and to provide \$19,200 for the required purchase of Class B stock of the Rural Telephone Bank, applicant proposes to borrow \$376,000 from the Rural Electrification Administration and \$403,200 from the Rural Telephone Bank, pursuant to the terms of a proposed Telephone Loan Contract Amendment. The proposed borrowings would follow the usual terms for loans made through the Rural Electrification Administration, and would be evidenced by 35-year notes, of which the Rural Electrification Administration note would

bear interest at the rate of 2% per annum and the Rural Telephone Bank note would bear interest at the rate of 4% per annum. The notes would be secured by an existing mortgage, as amended and supplemented, and by a proposed Supplemental Mortgage and Security Agreement.

After consideration the Commission finds that:

1. The proposed notes 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 (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.

Applicant is hereby placed on notice that compensation of its officers and directors of the magnitude shown in its 1971 annual report to the Commission may become an issue in future rate or financing proceedings.

O R D E R

IT IS ORDERED that:

1. Tuolumne Telephone Co. may enter into a Telephone Loan Contract Amendment with the United States of America, acting through the Administrator of the Rural Electrification Administration, and the Rural Telephone Bank, acting through the Governor of the Bank. The document shall be in substantially the same form as Exhibit E attached to the application.

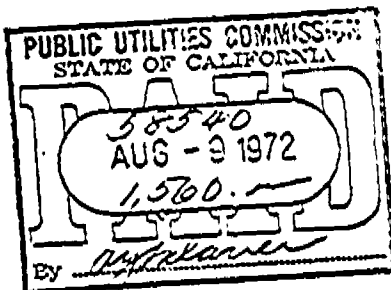
2. Tuolumne Telephone Co. may execute and deliver a Supplemental Mortgage and Security Agreement in substantially the same form as Exhibit F attached to the application.

3. Tuolumne Telephone Co., for the purposes specified in the application, may issue Mortgage Notes in the principal amounts of not exceeding \$376,000 and \$403,200, which Mortgage Notes shall be in substantially the same forms as Exhibit D attached to the application.

4. Tuolumne Telephone Co. 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.

5. This order shall become effective when Tuolumne Telephone Co. has paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$1,560.

Dated at San Francisco, California, this 8<sup>th</sup> day of AUGUST, 1972.



Yarn L. Stinson  
President  
William Symons, Jr.  
J. P. H. H. H.  
John H. H.  
Stinson  
Commissioners