

Decision No. 80394

ORIGINAL

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; )

(2) To execute its promissory )  
note to Rural Telephone )  
Bank in the sum of )  
\$1,218,000.00, said )  
obligation to bear interest )  
at the rate of six and one- )  
half per centum per annum; )  
and to execute a )  
supplemental mortgage )  
further securing such note; )

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

Application No. 53428  
(Filed June 28, 1972)

O P I N I O N

The Volcano Telephone Company seeks authority (1) to enter into a supplemental loan agreement; (2) to issue its Rural Telephone Bank promissory note in the principal amount of \$1,218,000; and (3) to execute and deliver a supplemental mortgage.

Applicant is a California corporation owning and operating a telephone system serving portions of Amador and Calaveras Counties. It proposes to construct facilities to extend service to approximately 962 new subscribers.

In order to provide funds for such construction and extension of service, and to provide \$58,000 for the required purchase of Class B stock of the Rural Telephone Bank, applicant proposes to borrow \$1,218,000 from the Rural Telephone Bank, pursuant to the terms of a proposed Telephone Loan Contract Amendment. The proposed borrowing would be evidenced by a 35-year note, which note would bear interest at the rate of 6-1/2% per annum. The note would be secured by a proposed Supplemental Mortgage and Security Agreement.

After consideration the Commission finds that:

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

O R D E R

IT IS ORDERED that:

1. The Volcano Telephone Company 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 its Governor. The document shall be in substantially the same form as Exhibit E attached to the application.

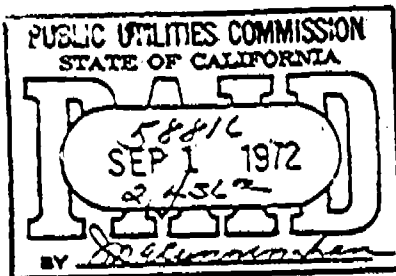
2. The Volcano Telephone Company may execute and deliver a Supplemental Mortgage and Security Agreement in substantially the same form as Exhibit F attached to the application.

3. The Volcano Telephone Company, for the purposes specified in the application, may issue a Mortgage Note in the principal amount of not exceeding \$1,218,000, which Mortgage Note shall be in substantially the same form as Exhibit D attached to the application.

4. 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.

5. 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 \$2,436.

Dated at San Francisco, California, this 29<sup>th</sup> day of AUGUST, 1972.



Vernon L. Sturgeon  
President  
William J. Smith  
J. F. Wilson  
John M. ...  
...  
Commissioners