

Decision No. 81105**ORIGINAL**

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application )  
 of SIERRA TELEPHONE COMPANY, INC. )  
 for authority to issue a )  
 \$2,572,500.00 note and to execute )  
 a mortgage securing the same in )  
 connection with an REA loan. )

Application No. 53319  
 (Filed February 2, 1973)

O P I N I O N

Sierra Telephone Company, Inc. seeks authority to issue a Rural Telephone Bank promissory note in the principal amount of \$2,572,500, and to execute and deliver a Supplemental Mortgage and Security Agreement.

Applicant is a California corporation engaged in the business of providing telephone service primarily in portions of the County of Madera. The utility proposes to carry out a program summarized in an allegation reading as follows:

"That the corporation proposes to upgrade the Oakhurst exchange to all one-party service; to upgrade the Raymond exchange to one-party base rate and four-party rural service; to extend service to 511 new subscribers; to establish a toll center at Oakhurst; to construct a combination headquarters and central office building at Oakhurst; to provide a dial radiotelephone system to serve 10 subscribers; to purchase Rural Telephone Bank Class B stock; to purchase vehicles and work equipment, and cover engineering fees."

In order to obtain funds for the foregoing purposes, including \$122,500 for the required purchase of stock, applicant contemplates borrowing \$2,572,500 from the Rural Telephone Bank

pursuant to the terms of a proposed Telephone Loan Contract Amendment. The 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 proposed serving arrangements or tariff modifications.

O R D E R

IT IS ORDERED that:

1. Sierra Telephone Company, Inc. 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 B attached to the application.

2. Sierra Telephone Company, Inc. may execute and deliver a Supplemental Mortgage and Security Agreement in substantially the same form as Exhibit D attached to the application.

3. Sierra Telephone Company, Inc., in order to obtain funds for the purposes specified in the application, may issue a Mortgage Note in the principal amount of not exceeding \$2,572,500, which Mortgage Note shall be in substantially the same form as Exhibit C attached to the application.

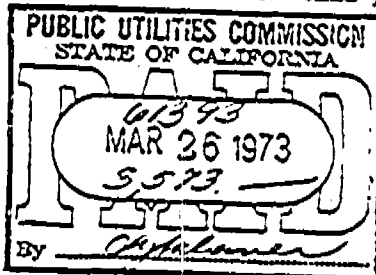
4. Sierra Telephone Company, Inc. shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

5. This order shall become effective when Sierra Telephone Company, Inc. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$3,573.

Date at Los Angeles, California,  
this 6<sup>th</sup> day of MARCH, 1973.

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

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.



Vernon L. Sturgeon  
President  
William Synovitz

[Signature]  
Commissioners