

ORIGINAL

Decision No. S2294

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
)
 DORRIS TELEPHONE COMPANY,)
 a corporation,)
)
 for authority to)
)
 A. Borrow and issue Notes for up)
 to \$70,000, and)
)
 B. Execute a Mortgage and)
 Supplemental Mortgages.)
)

Application No. 54447
 (Filed November 14, 1973)
 and Amendment
 (Filed December 6, 1973)

O P I N I O N

Dorris Telephone Company seeks authority to enter into a Loan Agreement and to issue evidences of indebtedness for the borrowing of \$70,000, and to execute and deliver a mortgage and one or more supplemental mortgages in accordance with such agreement.

Applicant is a California corporation furnishing telephone service in and about the community of Dorris in Siskiyou County. For the year 1972 it reports operating revenues and net income in the respective amounts of \$156,319 and \$22,682. Its reported balance sheet at December 31, 1972, is summarized as follows:

<u>Assets</u>	
Current assets	\$ 16,975
Net telephone plant	<u>246,235</u>
Total	<u>\$263,210</u>

<u>Liabilities</u>	
Current and accrued liabilities	\$ 16,096
Long-term debt	<u>78,557</u>
Common stock equity	<u>168,557</u>
Total	<u>\$263,210</u>

The application, as amended, 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 \$70,000.

For the purpose of obtaining funds to finance or refinance, in part, such additions, applicant has negotiated a Loan Agreement with Stromberg-Carlson Corporation for the long-term borrowing of \$70,000. Interim borrowings would be from banks and/or Stromberg-Carlson Corporation, and would bear interest at a rate of not exceeding 2-1/2% per annum over the New York City prime rate of Chase Manhattan National Bank; however, in no event would the interest rate on borrowings from Stromberg-Carlson Corporation exceed the rate permitted under applicable usury laws. In order to obtain funds for refunding said interim borrowings, applicant would issue a final note on or before June 30, 1975 in the principal amount of not exceeding \$70,000 in favor of Stromberg-Carlson Corporation, which note 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 9-3/4% per annum.

The proceeds of the short-term borrowings would be used approximately as follows: \$30,000 for additions to plant at the Macdoel and Dorris central offices; \$10,000 for outside plant, cable, hardware and equipment in connection with expansion of facilities; and \$30,000 to purchase facilities, including poles and cable, from The Pacific Telephone and Telegraph Company for exchange purposes.

After consideration the Commission finds that:

1. The proposed evidences of indebtedness would be 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 evidences of indebtedness 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, as amended, 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:

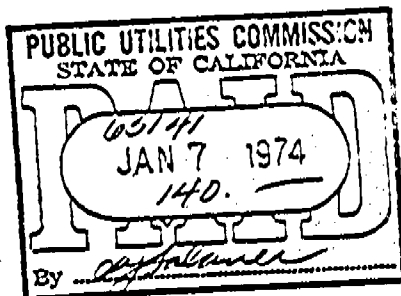
1. Dorris Telephone Company may enter into a Loan Agreement with Stromberg-Carlson Corporation for the borrowing of a total sum not exceeding \$70,000 on substantially the terms and conditions and in substantially the form set forth in Exhibit A attached to the application.
2. Dorris Telephone Company, for the purposes set forth in this proceeding, may issue on the terms and conditions set forth in the application, as amended, interim evidences of indebtedness and a final note aggregating not exceeding \$70,000 at any one time outstanding, which documents shall be in substantially the same forms as those filed in this proceeding.

3. Dorris Telephone Company may execute and deliver to Stromberg-Carlson Corporation a Mortgage of Chattels and Real Property and one or more Supplemental Mortgages in substantially the forms set forth in Exhibits B and C, respectively, attached to the application.

4. Dorris 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.

5. This order shall become effective when Dorris Telephone Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$140.

Dated at San Francisco, California, this 3rd day of
JANUARY, 1974.



Vernon L. Stinson
President
William J. Sweeney Jr.

[Signature]
[Signature]
Commissioners

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