

ORIGINALDecision No. 84719

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of ROSEVILLE TELEPHONE COMPANY, a)
 California corporation, for)
 Authorization pursuant to California)
 Public Utilities Code Sections)
 816-830 to issue notes to evidence)
 indebtedness aggregating not more)
 than \$4,500,000.00.)

Application No. 55801
 (Filed July 10, 1975)

O P I N I O N

Roseville Telephone Company seeks authority to issue unsecured notes in the aggregate principal amount of not exceeding \$4,500,000 at any one time outstanding.

Applicant is a California corporation furnishing local and long distance telephone service in Roseville and vicinity. For the year 1974 it reported total operating revenues and net income in the respective amounts of \$7,571,343 and \$1,308,518.

The utility reports that on May 31, 1975 it had outstanding short-term bank loans aggregating \$900,000, which amount may increase prior to the July 31, 1975 expiration date of its \$2,000,000 line of credit with Bank of America National Trust and Savings Association.

Applicant proposes to issue new notes in the aggregate principal amount of not exceeding \$4,500,000 at any one time outstanding, and maturing not later than June 30, 1976. The proceeds would be used to repay said outstanding bank loans and to provide additional funds, the total amounts being approximately \$1,500,000 for buildings, \$703,000 for central office equipment, \$426,000 for

station apparatus and equipment, \$1,466,000 for outside plant, \$300,000 for underground construction and \$100,000 for furniture and vehicles. The notes would be in favor of Bank of America National Trust and Savings Association, and they would bear interest at 110% of the sum of the bank's prime rate to large commercial borrowers plus 1/4 of 1% per annum.

Applicant's capital ratios at May 31, 1975, and as adjusted to give effect to the proposed borrowings, are summarized from Exhibit A attached to the application, as follows:

	<u>May 31, 1975</u>	<u>Pro Forma</u>
Long-term debt	44.7%	38.6%
Short-term bank loans	4.0	17.1
Common stock equity	<u>51.3</u>	<u>44.3</u>
Total	<u>100.0%</u>	<u>100.0%</u>

The application indicates that the utility contemplates seeking authority to issue additional shares of its capital stock commencing in September, 1975, and additional long-term debt securities during the first quarter of 1976. Subject to authorization by this Commission, significant portions of the proceeds would be applied toward discharging the indebtedness involved in this proceeding.

The company reports an increasing demand for its telephone service as indicated by the number of telephones in service at the end of the years 1967 through 1974, as follows:

1967	19,176	1971	26,040
1968	20,402	1972	29,346
1969	21,639	1973	33,247
1970	23,567	1974	37,150

Regarding future growth the application states: "Applicant's service area still includes large rural and semi-rural areas in which, according to every indicia available to Applicant, development and population growth are continuing and even accelerating, and will continue to do so for the foreseeable future."

After consideration the Commission finds that: (1) the proposed notes are for proper purposes; (2) 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; and (3) such 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 action taken herein shall not be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

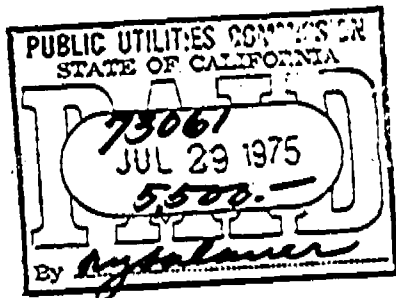
IT IS ORDERED that:

1. Roseville Telephone Company, on or after the effective date hereof and on or before June 30, 1976, for the purposes specified in the application, may issue notes in the aggregate principal amount of not exceeding \$4,500,000 at any one time outstanding. The notes shall be in substantially the same form as Exhibit D attached to the application.

2. Roseville 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 Roseville Telephone Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$5,500.

Dated at San Francisco, California, this 29th day of JULY, 1975.



President
William J. Quinn
L. L. Stedman

[Signature]

[Signature]
Commissioners

Commissioner D. W. Holmes, being necessarily absent, did not participate in the disposition of this proceeding.