

ORIGINALDecision No. 84833

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Kerman Telephone Co.,)
 a California corporation,)
 for an order authorizing it to issue)
 \$100,000 aggregate principal amount of)
 unsecured notes.)

Application No. 55842
 (Filed July 31, 1975)

O P I N I O N

Kerman Telephone Co. seeks authority to issue unsecured notes in the aggregate principal amount of \$100,000.

Applicant is a California corporation which owns and operates telephone systems in Kerman and Biola and surrounding territory. For the year 1974, the company reports total operating revenues and net income of \$818,924 and \$48,641, respectively. As of June 30, 1975, the utility reports assets and liabilities as follows:

Assets

Net telephone plant
 Other assets

\$1,147,458
183,609

Total

\$1,331,067Liabilities

Preferred stock
 Common stock
 Surplus
 Long-term debt
 Other liabilities

\$ 206,200
 211,925
 240,452
 601,625
70,865

Total

\$1,331,067

The utility reports a continuing growth in its telephone service as indicated by the number of telephones in service at the end of years 1970 through 1974, as follows:

<u>Year</u>	<u>Telephones In Service End of Year</u>
1970	3,323
1971	3,523
1972	3,786
1973	4,038
1974	4,452

In order to obtain funds to finance construction, completion, extension and improvement of its facilities, applicant proposes to issue unsecured 20-year notes in the aggregate principal amount of \$100,000 to bonafide residents of the State of California. The notes would bear interest at the rate of 10% per annum, and would be callable without penalty. Exhibit "C", attached to the application, summarizes the company's estimated continuing construction requirements as follows:

Underground plant expansion	\$ 80,000
Central office expansion	25,000
Replacement of automotive and work equipment	15,000
Station installations	<u>5,000</u>
Total	<u>\$125,000</u>

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.

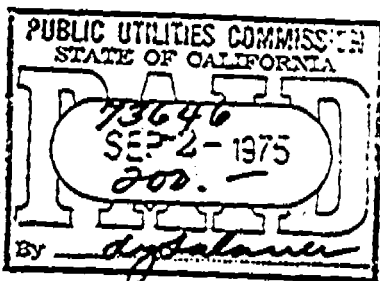
On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. The authorization herein granted is for the purpose of this proceeding only, and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

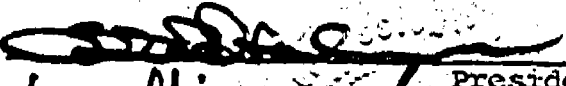
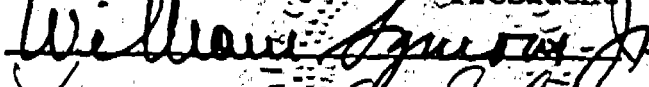

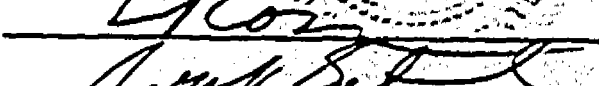
O R D E R

IT IS ORDERED that:

1. Kerman Telephone Co., on or after the effective date hereof and on or before December 31, 1977, for the purposes specified in this proceeding, may issue notes in the aggregate principal amount of not exceeding \$100,000 to bonafide residents of the State of California. The notes shall be in substantially the same form as Exhibit "D" attached to the application.
2. Kerman Telephone Co. 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.
3. This order shall become effective when Kerman Telephone Co. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$200.

Dated at San Francisco, California, this 26th day of AUGUST, 1975.




President



Commissioners