

Decision No. 86849

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CAPAY VALLEY TELEPHONE)
 SYSTEM, INC., a corporation, to engage)
 in \$815,000 of Rural Electrification)
 Administration financing.)

Application No. 53929
 (Filed December 9, 1976)

O P I N I O N

Capay Valley Telephone System, Inc. seeks authority
 (a) to enter into a Telephone Loan Contract, (b) to issue a
 Rural Electrification Administration Mortgage Note or Notes in
 the aggregate principal amount of not exceeding \$815,000, and
 (c) to execute and deliver a Mortgage and Security Agreement and
 supplements thereto.

Applicant is a California corporation furnishing
 telephone services to approximately 279 subscribers located in
 the County of Yolo. According to the application, the company
 has experienced and is experiencing an increasing demand for its
 telephone services and for higher grades of such services, and the
 demands now require the improvement and replacement of major
 portions of the utility's existing telephone facilities and the
 construction of additional facilities.

In order to obtain funds for discharging a previously
 authorized indebtedness bearing interest at the rate of 6% per annum,
 and to pay for modifications, replacements and additions to plant,
 applicant contemplates engaging in \$815,000 of 35-year Rural
 Electrification Administration financing pursuant to the terms of
 a proposed Telephone Loan Contract. The borrowing would be
 evidenced by a Mortgage Note or Notes bearing interest at the

rate of 5% per annum, and secured by a proposed Mortgage and Security Agreement, and such additional Supplemental Mortgages and Security Agreements as may be required.

Specifically, applicant proposes to allocate the uses of the note proceeds approximately as follows:

Central office equipment, including removal costs	\$274,000
Buildings	60,000
Outside plant and station equipment, including removal costs	361,000
Engineering	70,000
Vehicles and work equipment	7,000
Contingencies in above categories	6,600
Discharge of existing long-term indebtedness	<u>36,400</u>
Total	<u>\$815,000</u>

After consideration the Commission finds that:

1. The proposed documents would not be adverse to the public interest.
2. The proposed Mortgage Note or Notes would be for proper purposes.
3. The money, property or labor to be procured or paid for by the issue of the Mortgage Note or Notes 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.
4. There is no known opposition and there is no reason to delay granting the relief requested.

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, (b) concurrence in the reasonableness of proposed serving arrangements or tariff modifications, or (c) concurrence in the provisions of SEC. 2.3, Obtaining Regulatory Body Approvals, of Exhibit B, Telephone Loan Contract, attached to the application.

O R D E R

IT IS ORDERED that:

1. Capay Valley Telephone System, Inc. may enter into a Telephone Loan Contract with the United States of America, acting through the Administrator of the Rural Electrification Administration, which document shall be in substantially the same form as Exhibit B attached to the application.

2. Capay Valley Telephone System, Inc., for the purposes specified in the application, may issue a Mortgage Note or Notes in the aggregate principal amount of not exceeding \$315,000, which Mortgage Note or Notes shall be in substantially the same form as Exhibit C attached to the application.

3. Capay Valley Telephone System, Inc. may execute and deliver to the United States of America a Mortgage and Security Agreement in substantially the same form as Exhibit D attached to the application, and such Supplemental Mortgages or Security Agreements as are required by the terms of said Telephone Loan Contract.

4. Capay Valley Telephone System, Inc. shall file with the Commission a report, or reports, as required by General Order 24-B, which order, insofar as applicable, is hereby made a part of this order.

5. This order shall become effective when Capay Valley Telephone System, Inc. has paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$1,558.

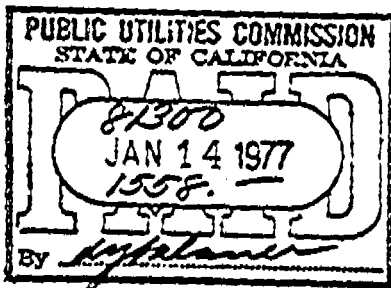
Dated at San Francisco, California, this 14th day of January, 1977.

Robert B. ...
 President

William ...

Leonard ...

Commissioners



Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.