

ORIGINAL

Decision No. 87245

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of LIVINGSTON TELEPHONE)
COMPANY, a corporation, to engage)
in \$1,200,000 of co-mortgage)
financing.)

Application No. 57184
(Filed March 30, 1977)

O P I N I O N

Livingston Telephone Company seeks authority to issue a \$1,200,000 Mortgage Note, to enter into a Note Purchase Agreement, to become a party to a Participation Agreement, to execute and deliver a Co-Mortgage of Property and Security Agreement, and to guarantee a borrowing by Evans Telephone Company.

Applicant is a California corporation furnishing telephone services in and about Livingston, Merced County. For the year 1976, its reported total operating revenues and net income amounted to \$784,296 and \$50,988, respectively.

In order to obtain funds for repayment of its \$1,100,000 outstanding note bearing interest at 11-1/4% per annum to Bank of America National Trust and Savings Association authorized by Decision 86296, dated August 24, 1976, in Application 56652, the utility has negotiated an agreement with Nationwide Life Insurance Company for the long-term borrowing of \$1,200,000 pursuant to a Note Purchase Agreement. As a condition for the proposed financing, the utility would apply the proceeds, in part, and the balance from internally generated funds toward the repayment of a West Coast Life Insurance Company loan authorized by Decision 81529, dated June 26, 1973, in Application 54075.

Pursuant to said Note Purchase Agreement, money would be advanced to Livingston Telephone Company upon the issuance of a 9% First Mortgage Note, due May 1, 1997. Annual principal payments of \$60,000 would be required, and the note would be subject to a restricted prepayment provision until May 1, 1987. Said note would be secured by existing mortgages pursuant to a proposed Participation Agreement, and by a proposed Co-Mortgage of Property and Security Agreement.

In order to obtain the advantageous interest rate, applicant and its affiliate, Evans Telephone Company, must each become a guarantor of the other's long-term borrowings.

After consideration the Commission finds that:

1. The proposed documents would not be adverse to the public interest.
2. The proposed note issue 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.
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 amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Livingston Telephone Company, on or after the effective date hereof and on or before December 31, 1977, for the purposes set forth in the application, may enter into a Note Purchase Agreement with Nationwide Life Insurance Company, and may issue a Mortgage Note in the principal amount of not exceeding \$1,200,000. The documents shall be in substantially the same forms as those attached to the application.

2. Livingston Telephone Company may become a party to a Participation Agreement, and may execute and deliver a Co-Mortgage of Property and Security Agreement and such additional Co-Mortgages as are required from time to time. The documents shall be in substantially the same forms attached to the application.

3. Livingston Telephone Company may guarantee the borrowing of Evans Telephone Company in substantially the form attached to the application as Exhibit F.

4. Livingston 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. The effective date of this order is the date hereof.

Dated at San Francisco, California, this 26th day of 1 APRIL 1, 1977.

Robert B. Samuel
President
William Aguirre Jr.
Yuzon L. Sturgeon
Richard P. Howell

Commissioners