

LSC

Decision No. 87281 May 3, 1977

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of FORESTHILL TELEPHONE )  
CO. to issue a \$250,000 Mortgage ) Application No. 57187  
Note, and to execute a Note Purchase ) (Filed March 31, 1977)  
Agreement, a Co-Mortgage and a )  
Participation Agreement. )  
\_\_\_\_\_ )

O P I N I O N

Foresthill Telephone Company seeks authority to issue a \$250,000 Mortgage Note, to enter into a Note Purchase Agreement, to become a party to a Participation Agreement, and to execute and deliver a Co-Mortgage of Property and Security Agreement.

Applicant is a California corporation furnishing telephone services in and about Foresthill, Placer County and surrounding territories. For the year 1976, its reported total operating revenues and net income amounted to \$255,150 and \$51,079, respectively.

The application indicates that the utility has experienced and is experiencing an increasing demand for its telephone services, and that it needs in excess of an additional \$250,000 to pay for improvements, replacements and additions to plant, such as switching equipment, other central office equipment and outside plant, and also to repay short-term indebtedness incurred for additions to plant as follows:

Buildings	\$ 12,000
Central office equipment	65,000
Outside plant	81,000
Subscriber plant and wiring	22,000
Equipment	<u>70,000</u>
Total	<u>\$250,000</u>

Applicant has negotiated a Note Purchase Agreement with Western Reserve Life Assurance Company of Ohio for the long-term borrowing of \$250,000. The borrowing would be evidenced by a 9% First Mortgage Note, due May 1, 1997. Annual principal payments of \$12,500 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 and the proposed Co-Mortgage pursuant to a proposed Participation Agreement, and by a proposed Co-Mortgage of Property and Security Agreement.

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 proposed restricted redemption provision is reasonable.
4. 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.
5. 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:

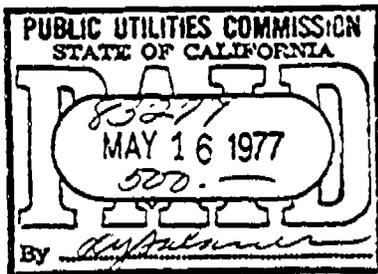
1. Foresthill Telephone Co., on or after the effective date hereof and on or before December 31, 1977, for the purposes set forth in the application, may enter into a Note Purchase Agreement with Western Reserve Life Assurance Company of Ohio, and may issue a Mortgage Note in the principal amount of not exceeding \$250,000. The documents shall be in substantially the same forms as those attached to the application.

2. Foresthill Telephone Co. 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 may be required from time to time. The documents shall be in substantially the same forms as those attached to the application.

3. Foresthill Telephone Co. 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.

4. This order shall become effective when Foresthill Telephone Co. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$500.

Dated at San Francisco, California, this 3rd day of MAY, 1977.



Robert Batistich  
President  
William S. ...  
Vernon ...  
Richard D. ...

Commissioners