

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
CALIFORNIA TELEPHONE AND LIGHT COMPANY,
a corporation, for an order of the
Railroad Commission of the State of
California authorizing said California
Telephone and Light Company to issue,
sell and deliver its first mortgage six
per cent gold bonds, maturing April 1,
1943, to the face amount of \$200,000.00.)

Application
Number
10,092

ORIGINAL

C. P. Cutten and R. W. DuVal, by
R. W. DuVal, for Applicant.

BY THE COMMISSION :

OPINION

In the above entitled matter the Railroad Commission is asked to make an order authorizing California Telephone and Light Company to issue and sell at not less than 95 per cent of face value plus accrued interest, \$200,000.00 of its first mortgage six per cent gold bonds due April 1, 1943, for the purpose of reimbursing the company's treasury and of financing the cost of additions and betterments to its electric and telephone plants and properties.

California Telephone and Light Company is engaged in the business of generating, transmitting, distributing, selling, buying and dealing generally in electricity for light, heat and power and also of supplying telephone service, operating in the Counties of Lake, Mendocino and Sonoma. The company reports that during the period from March 1, 1913 to December 31, 1923, inclusive, it expended the sum of \$904,630.51 for the acquisition of property and for the construction, completion, extension and improvement of its facilities, as set forth in Exhibit "A" attached to the petition.

It is reported that \$615,269.01 of the \$904,630.51 was obtained from the sale of the stock and the bonds heretofore authorized by the Commission, leaving a balance of \$289,361.50 which is said to represent the unreimbursed capital expenditures at December 31, 1923. From this balance applicant deducts \$25,000.00, an amount the Commission, by Decision Number 721, dated June 17, 1913, directed the company to set aside from earnings and use to retire bonds or to invest in additions and betterments, against which no stock, bonds or other evidences of indebtedness might be issued.

Deducting the \$25,000.00 from the \$289,361.50 leaves the sum of \$264,361.50, which applicant reports was obtained from income and from moneys advanced by Pacific Gas and Electric Company and not from the sale of stock, bonds, notes or other evidences of indebtedness. The company, therefore, asks permission to use the proceeds from the sale of the \$200,000.00 of bonds now applied for to reimburse its treasury, in part, on account of the expenditure of the \$264,361.50 for capital purposes. It is of record, however, that such proceeds will be used to pay in part advances made by Pacific Gas and Electric Company, which advances, as of December 31, 1923, are reported as \$209,974.13. In this connection the testimony of E. W. Hodges, applicant's auditor, indicates that \$209,974.13 of the expenditures of \$264,361.50 were paid for with borrowed money and the remainder with earnings of the company. The order herein will authorize the company to use the proceeds from the sale of the bonds to pay indebtedness incurred in making additions and betterments.

California Telephone and Light Company has an authorized capital stock of \$10,000,000.00 consisting of \$6,000,000.00 of common stock and \$4,000,000.00 of six per cent cumulative preferred stock. As of April 30, 1924 the company reports outstanding \$764,850.00 of common and \$550,031.91 of preferred, of which amounts

Pacific Gas and Electric Company owns \$760,700.00 of the common and \$539,911.91 of the preferred. As of the same date it reports \$742,400.00 of bonds outstanding. These bonds, as well as the \$200,000.00 now applied for, are part of an authorized issue of \$5,000,000.00 of first mortgage bonds, payment of which is secured by a mortgage on applicant's properties dated April 1, 1913. The bonds bear interest at six per cent per annum, are due April 1, 1943 and are callable at 107.5 per cent of face value plus accrued interest on any interest payment date prior to maturity.

O R D E R

California Telephone and Light Company having applied to the Railroad Commission for permission to issue and sell \$200,000.00 of bonds, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue and sale is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

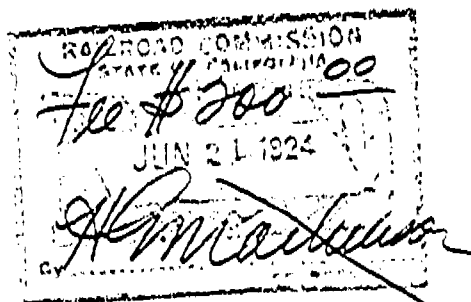
IT IS HEREBY ORDERED that CALIFORNIA TELEPHONE AND LIGHT COMPANY be, and it is hereby, authorized to issue and sell, at not less than 95 per cent of face value and accrued interest, \$200,000.00 of its first mortgage six per cent bonds and to use the proceeds, other than accrued interest, to finance in part the cost of additions and betterments made prior to December 31, 1923, and referred to in Exhibit "A", and through such financing pay in part moneys advanced by Pacific Gas and Electric Company and used in making such additions and betterments. The accrued interest may be used for general corporate purposes.

The authority herein granted is subject to further con-

ditions as follows :-

1. Only such expenditures, reported in Exhibit "A", as are properly chargeable to capital account as defined by the Classifications of Accounts prescribed or adopted by the Railroad Commission shall be financed with proceeds from the sale of the bonds herein authorized.
2. Applicant shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th. day of each month a verified report as required by the Railroad Commission's General Order Number 24, which order, in so far as applicable, is made a part of this order.
3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$200.00. Under such authority no bonds may be issued and sold subsequent to December 31, 1924.

DATED at San Francisco, California, this 20th day of June, 1924.



CL Seaver
Dwight Martin
Egerton Shore

Commissioners.