

LEK

Decision No. 15545.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CALIFORNIA TELEPHONE AND LIGHT COM-)
PANY, a corporation, for an order of)
the Railroad Commission of the State)
of California authorizing applicant)
to issue, sell and deliver its first)
mortgage six percent gold bonds)
maturing April 1, 1943, to the face)
amount of \$350,000.00.)

Application No. 11766

C. P. Cutten, for Applicant.

BY THE COMMISSION:

OPINION

In the above entitled matter California Telephone and Light Company asks the Railroad Commission to make an order authorizing it to issue and sell, at not less than face value, \$350,000.00 of its first mortgage bonds for the purpose of reimbursing its treasury on account of capital expenditures made prior to August 31, 1925.

The bonds are part of an authorized issue of \$5,000,000. They are dated April 1, 1913, bear interest at six percent per annum, mature April 1, 1943 and are callable at 107.5 percent of face value plus accrued interest, on any interest payment date prior to maturity. Of the total amount, \$200,000. are held alive in sinking funds of Pacific Gas and Electric Company, which company owns substantially all of its outstanding stock, and \$730,600. are in the hands of the public and \$45,400. have been retired and cancelled.

The company now reports the necessity of issuing additional bonds to finance construction expenditures. In a former proceeding, Application No. 10092, the company reported its uncapitalized construction expenditures as of December 31, 1923 at \$264,361.50, and the Commission, by Decision No. 13722, dated June 20, 1924, permitted the issue and sale of \$200,000. of bonds on that account. Subsequently the bonds were sold for \$205,000., so that the amount of uncapitalized expenditures at the close of 1923 was reduced to \$59,361.50.

The present application shows that during the period from January 1, 1924 to August 31, 1925 the company expended \$412,256.10 for the acquisition of property and for the construction, completion, extension and improvement of its telephone and electric plants and facilities, as shown in some detail in Exhibit "D" filed in this matter. Adding the \$412,256.10 to the \$59,361.50 results in a total of \$471,617.60 which is said to represent the uncapitalized construction expenditures as of August 31, 1925 and against which applicant now asks permission to issue the \$350,000. of bonds.

The testimony of A.F. Hockenbeamer, applicant's vice-president, indicates that a substantial portion of these expenditures has been financed with moneys advanced by Pacific Gas and Electric Company, the total of such advances, as of August 31, 1925, aggregating \$428,619.67. The order herein will authorize the issue and sale of the bonds but will provide that the proceeds be used to pay indebtedness incurred in making additions and betterments.

O R D E R

California Telephone and Light Company having applied to the Railroad Commission for permission to issue and sell bonds, a public hearing having been held before Examiner Fankhauser, and the

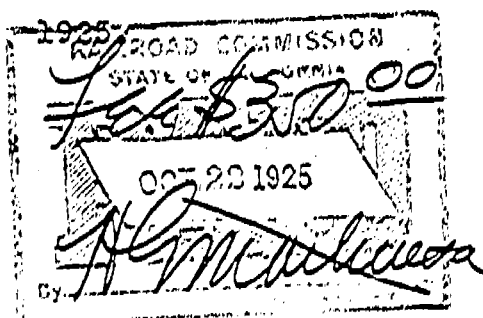
Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue and sale is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that California Telephone and Light Company be, and it is hereby, authorized to issue and sell on or before December 31, 1925 at not less than face value plus accrued interest \$350,000. of its first mortgage six percent gold bonds due April 1, 1943, and to use the proceeds other than accrued interest, to pay indebtedness incurred for the construction expenditures referred to in the foregoing opinion. The accrued interest may be used for general corporate purposes.

The authority herein granted is subject to the following conditions:-

1. California Telephone and Light Company 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 No. 24, which order in so far as applicable, is made a part of this order.
2. 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 \$350.00.

DATED at San Francisco, California, this 21st day of October,



H. B. Brundage
Chairman
George D. Squires
Commissioner
Leon Whitell
Commissioners