

Decision No. 18743.

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 authorizing applicant to issue, sell and deliver its first mortgage six percent gold bonds maturing April 1, 1943, to the face amount of \$402,000. and to use the proceeds thereof for the purposes herein indicated.

ORIGINAL

Application No. 13902.

C. P. Cutton and R. W. DuVal, by R. W. DuVal, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Railroad Commission is asked to make an order authorizing California Telephone and Light Company to issue and sell, at not less than face value plus accrued interest, \$402,000.00 of its first mortgage six percent bonds due April 1, 1943.

California Telephone and Light Company was organized on or about November 23, 1911, with an authorized capital stock of \$10,000,000.00 divided into \$6,000,000.00 of common stock and \$4,000,000.00 of six percent cumulative preferred stock. Of these amounts it reports outstanding \$764,850.00 of the common stock and \$550,031.91 of the preferred, all of which, excepting directors' shares, is reported held by Pacific Gas and Electric Company.

In addition to the stock the company reports, as of May 31, 1927, funded debt of \$1,059,100.00 and current liabilities of \$473,239.44. Of the funded debt, which consists of first mortgage six percent bonds similar to those proposed to be issued, \$334,000.00 are held by Pacific Gas and Electric Company, or are

held in some of its sinking funds, and \$725,100.00 are in the hands of the public. The current liabilities include the following:-

Due Pacific Gas and Electric Company . . . . .	\$426,676.26
Consumers' deposits . . . . .	29,070.84
Miscellaneous accounts payable . . . . .	81.82
Interest and taxes accrued . . . . .	15,367.52
Coupons due and unpaid . . . . .	<u>2,043.00</u>
Total.....	<u>\$473,239.44</u>

In making this request to issue additional bonds the company reports that during the period from September 1, 1926 to May 31, 1927 it expended for additions and betterments, as shown in detail in Exhibit No. 1, the sum of \$462,166.73, which has not been paid or provided through the issue of stock or bonds. Although the company asks permission to use the proceeds from the sale of its bonds to reimburse its treasury on account of such expenditures and/or pay indebtedness incurred in making such expenditures it appears that all the proceeds will be used to reduce the amount due Pacific Gas and Electric Company. The order herein accordingly will so provide.

O R D E R

California Telephone and Light Company having applied to the Railroad Commission for permission to issue \$402,000.00 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 through such issue is reasonably required for the purpose specified herein and that the expenditures for such purpose are not, in whole or in part, reasonably chargeable to operating expense 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 face value plus accrued interest, \$402,000.00 of its first mortgage six percent bonds and to use the proceeds for the purpose of paying in part its outstanding indebtedness due Pacific Gas and Electric Company.

IT IS HEREBY FURTHER ORDERED that applicant shall keep such record of the issue 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, insofar as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$402.00.

DATED at San Francisco, California, this 19<sup>th</sup> day of August, 1927.

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*O. C. ...*

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*Thos. ...*

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*M. J. ...*

Commissioners.

Fee \$402.<sup>00</sup>/<sub>100</sub>  
RAILROAD COMMISSION  
STATE OF CALIFORNIA  
AUG 22 1927  
*[Signature]*  
Fee # 24437