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Decision No. 10441

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

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In the Matter of the Application of)
THE PACIFIC TELEPHONE AND TELEGRAPH)
COMPANY, a corporation, for an order)
authorizing it to issue, sell and)
deliver \$25,000,000.00 par value of)
its bonds.)

Application No. 7792

BY THE COMMISSION:

SECOND SUPPLEMENTAL ORDER

The Railroad Commission having on April 29, 1922, by Decision No. 10381, authorized THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY to issue and sell \$25,000,000.00 of refunding mortgage 30-year 5 per cent. bonds due May 1, 1952, subject, among others, to the condition that --

"The Pacific Telephone and Telegraph Company will deposit with a bank or banks, or with a trust company or trust companies, all of the proceeds realized from the sale of the bonds and keep such proceeds deposited until such time as the Commission by supplemental order or orders defines the purposes for which the proceeds may be used and authorizes applicant to execute a deed of trust securing the payment of the bonds."

And The Pacific Telephone and Telegraph Company having requested permission to execute a deed of trust substantially in the same form as the deed of trust filed on May 9, 1922 and the Commission having considered applicant's request and being of the opinion that Decision No. 10381, dated April 29, 1922, should be modified as herein provided and that the purposes for which applicant is authorized to expend the proceeds from the sale of the bonds are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY be, and it is hereby, authorized to execute a deed of trust substantially in the same form as the deed of trust filed with this Commission on May 9, 1922, provided --

That the authority herein granted to execute a deed of trust is for the purpose of this proceeding only, and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said deed of trust as to such other legal requirements to which such deed of trust may be subject.

IT IS HEREBY FURTHER ORDERED, that Condition "1" of the order in Decision No. 10381, dated April 29, 1922, be, and it is hereby modified so as to permit The Pacific Telephone and Telegraph Company to use the proceeds obtained from the sale of the \$25,000,000.00 of bonds, the issue of which is authorized in said decision, to reimburse its treasury and refund its outstanding obligations to the extent that its treasury is not reimbursed and its outstanding obligations are not refunded through the sale of preferred stock issued under the authority granted in Decision No. 10334, dated April 20, 1922, in Application No. 7657, and to finance in part the cost of the additions and extensions to its plant and system set forth in Exhibit "AA" filed in this proceeding, provided

That all money used to reimburse the treasury be expended for the acquisition or construction of properties; and provided further --

That the proceeds realized from the sale of the \$25,000,000.00 of bonds be used to finance the acquisition or construction of only such properties, the cost of which is properly chargeable to capital accounts under the uniform system of accounts for telephone companies prescribed by the Interstate Commerce Commission and adopted by this Commission.

IT IS HEREBY FURTHER ORDERED, that the Commission's General Order No. 24 be, and it is hereby, modified so as to permit The Pacific Telephone and Telegraph Company to deposit the proceeds from the sale of the bonds until such time as they are needed for construction purposes with a state or national bank or banks, or with the American Telephone and Telegraph Company.

IT IS HEREBY FURTHER ORDERED, that the order in Decision No. 10381, dated April 29, 1922, as amended, shall remain in full force and effect, except as modified by this Second Supplemental Order.

DATED at San Francisco, California, this 12th day of May, 1922.

H. B. Brundage

Dwight Martin

W. F. Denahan

Commissioners.