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Decision No. 10689.

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA

* * *

In the Matter of the Application of)
CALIFORNIA TELEPHONE AND LIGHT COMPANY,)
for an order of the Railroad Commission)
of the State of California authorizing)
said California Telephone and Light Com-)
pany to issue, sell and deliver to the)
face amount of \$100,000.00 its first)
mortgage 6 per cent. gold bonds matur-)
ing April 1, 1943.)

Application No. 7930.

Leo H. Susman for Applicant.

BENEDICT, Commissioner.

O P I N I O N

In this application, as amended, CALIFORNIA TELEPHONE AND LIGHT COMPANY asks permission to issue and sell \$100,000.00 of its first mortgage six per cent. gold bonds due April 1, 1943, at not less than 94 per cent. of face value and to use the proceeds to reimburse its treasury for capital expenditures made prior to May 31, 1922, and to finance the cost of additions, betterments and improvements to its electric and telephone plants and systems.

The bonds herein applied for are part of an authorized issue of \$5,000,000.00 of first mortgage bonds. They bear interest at six per cent. per annum, are dated April 1, 1913, mature April 1, 1943, and are callable at 107½ and accrued interest. The company reports that \$652,900.00 of bonds are now outstanding in the hands of the public. In addition, applicant reports \$1,314,931.91 of stock outstanding, consisting of \$764,850.00 of common and \$550,081.91 of 6 per cent. cumulative preferred stock.

Applicant reports in this proceeding that it has expended for capital purposes prior to May 31, 1922, the sum of \$77,595.86, for which it has not been reimbursed by the issue and sale of securities. It now asks permission to capitalize those expenditures by the use of a portion of the proceeds obtained from the sale of the \$100,000.00 of bonds. The remainder of the proceeds it proposes to use to pay the cost of additions and betterments to be made subsequent to June 1, 1922.

The testimony of W.P. Ferguson, petitioner's general manager, shows that on May 25, 1922, the company had on hand applications from consumers for extensions, the estimated cost of which will amount to \$13,500.00; that in addition it proposes to purchase a lot in Santa Rosa and to erect a new main office building at an approximate cost of \$33,000.00; and that it is now proceeding on a construction program which provides for the building of a 60,000 volt line from Mirabel Park to Russian River, a distance of 1.4 miles, the erection of a substation with 3-300 K.V.A. transformers, the acquisition of rights-of-way and the installation of additional transformers at Healdsburg and Hopland, all at an estimated cost of \$17,100.

I believe that applicant's request to issue and sell bonds should be granted but that the company should be permitted at this time to expend only \$77,595.86 of the proceeds obtained from the sale of such bonds for the purposes indicated in the following order. The remainder of the proceeds shall be deposited by applicant in a bank or banks and expended only as subsequently authorized by the Commission in a supplemental order or orders.

I herewith submit the following form of order:

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, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant, and that the expenditures herein authorized 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, 1922, at not less than 94 per cent. of face value plus accrued interest, \$100,000.00 of first mortgage six per cent. gold bonds due April 1, 1943.

The authority herein granted is subject to further conditions as follows:-

- 1.--Applicant may use not exceeding \$77,595.86 of the proceeds obtained from the sale of the bonds herein authorized to reimburse its treasury and to finance the cost of additions, betterments and improvements made prior to May 31, 1922 and reported in this application. The remainder of the proceeds shall be deposited in a bank or banks and expended only for such purposes as the Commission may authorize by a supplemental order or orders.
- 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 No. 24, which order in so far as applicable, is made a part of this order.

3.--The authority herein granted will not become effective until applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$100.00.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 12th day of July, 1932.

Fee \$100.00
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H. Madison

H. B. ...
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J. J. ...
Commissioners.