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Decision No. 9571

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 Company to issue, sell and deliver to the face amount of \$50,000.00 its first mortgage 6% gold bonds maturing April 1, 1943.

Application Number 7118.

ORIGINAL

Leo H. Susman, for Applicant.

BENEDICT, COMMISSIONER.

O P I N I O N.

CALIFORNIA TELEPHONE AND LIGHT COMPANY in this application asks permission to issue \$50,000.00 of its first mortgage 6% bonds due April 1, 1943, and to sell such bonds at not less than 85% of their face value and accrued interest.

Applicant also asks permission to use the proceeds obtained from the sale of the bonds to reimburse its treasury on account of earnings expended for plant extensions, additions and betterments.

In Exhibit No. 1 applicant reports that as of June 30, 1921 it had \$1,108,736.66 of stock outstanding. The outstanding stock consists of \$764,850.00 of common and \$343,886.66 of 6% cumulative preferred. The exhibit shows \$557,900.00 of first mortgage 6% bonds outstanding. The current liabilities are reported at \$77,661.81. This includes notes and accounts payable, line extension deposits and accrued interest and taxes. Applicant's accumulated surplus is reported at \$139,569.41, and its reserve for accrued depreciation at \$83,700.66.

In Exhibit No. 3 applicant reports the net cost of additions and betterments from 1913 to and including June 30, 1921 at \$469,272.71. Its Exhibit No. 4 shows \$279,301.36 realized from the sale of bonds and stock, the issue of which has heretofore been authorized by the Commission. Deducting the \$279,301.36 from the \$468,272.71 leaves a balance of \$188,971.35 of capital expenditures, which applicant alleges have not been financed through the issue of bonds or stock. Inasmuch as applicant in this proceeding asks permission to issue only \$50,000. of bonds, it does not appear to be necessary to make a complete detailed check of the reported uncapitalized expenditures.

The bonds herein authorized to be issued are not allocated against any particular item of expenditure, but are authorized to finance \$50,000.00 of the reported expenditures properly chargeable to capital account under the classification of accounts prescribed by the Commission.

The testimony shows that applicant's net earnings are sufficient to permit the trustee under its mortgage to certify the \$50,000.00 of the bonds.

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 \$50,000.00 of bonds, a public hearing having been held and the 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 for cash at not less than 85% of their face value and accrued interest \$50,000.00 of its first mortgage 6% gold bonds due April 1, 1943 for the purpose of financing in part capital expenditures reported in Exhibits "3" and "4", and to reimburse applicant's treasury on account of earnings expended to pay ^{in part} the cost of constructing and acquiring properties referred to in said exhibits. Only such expenditures as are properly chargeable to capital account, in accordance with the classification of accounts prescribed by the Commission shall be financed through the issue of the bonds herein authorized.

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

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 not become effective until applicant has paid the fee prescribed in Section 57 of the Public Utilities Act, which fee amounts to \$50.
3. The authority herein granted will apply only to such bonds as may be issued, sold and delivered on

or before December 31, 1921.

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 28th day of September, 1921.

H. P. ...

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J. J. ...

Commissioners.

State of California

Fee \$ 50.00
SEP 30 1921
BY *R. M. ...*