

Decision No. 28098

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
ASSOCIATED TELEPHONE COMPANY, LTD. )  
for an order authorizing it to issue ) Application No. 20015  
certain securities. )

BY THE COMMISSION:

FIRST SUPPLEMENTAL ORDER

In a supplemental petition filed in this proceeding on July 1st, Associated Telephone Company, Ltd. asks permission to execute a supplemental trust indenture, to modify the redemption provisions of the bonds authorized by Decision No. 28055, dated June 24, 1935, and to amortize unamortized bond discount and expense applicable to bonds now outstanding, over the life of the bonds authorized by said Decision No. 28055 dated June 24, 1935.

In said Decision No. 28055 it is recited that the \$8,500,000. of Series "B" first mortgage 4% bonds mature July 1, 1964, and that the company reserves the right to redeem the bonds prior to maturity, by the payment of the principal amount thereof and accrued interest to the date of redemption, and, if redeemed on or before July 1, 1964, at a premium equal to the percentage of principal determined as follows:-  
5% if redeemed on or before July 1, 1940; 4% if redeemed after July 1, 1940 but on or before July 1, 1945; 3% if redeemed after July 1, 1945 but on or before July 1, 1950; 2% if redeemed after July 1, 1950 but on or before July 1, 1955; 1% if redeemed after July 1, 1955 but on or before July 1, 1960; 1/2% if redeemed after July 1, 1960 but on or before July 1, 1964; if redeemed subsequent to July 1, 1964 no premium need be paid.

Since the filing of its original application, applicant has made a change in the terms of redemption of said bonds. The proposed redemptions as amended are as follows:-

"Any or all of the bonds of Series B shall be redeemable on any interest payment date thereof, at the option of the Company, and upon the notice and in the manner provided in Article V of the Indenture, by the payment of the principal amount and accrued interest to the date of redemption, and, if redeemed on or before July 1, 1962, a premium equal to a percentage of the principal, determined as follows:

Five percentum (5%) if redeemed on or before July 1, 1940;

Four percentum (4%) if redeemed after July 1, 1940, but on or before July 1, 1945;

Three percentum (3%) if redeemed after July 1, 1945, but on or before July 1, 1950;

Two percentum (2%) if redeemed after July 1, 1950, but on or before July 1, 1955;

One percentum (1%) if redeemed after July 1, 1955, but on or before July 1, 1960;

One-half of one percentum ( $\frac{1}{2}$  of 1%) if redeemed after July 1, 1960, but on or before July 1, 1962. If redeemed subsequent to July 1, 1962, no premium shall be required."

The supplemental indenture which applicant desires to execute contains a form of applicant's Series "B" bonds. It also amends some of the provisions of applicant's trust indenture dated March 1, 1930. A copy of the supplemental trust indenture is on file in this proceeding. We have no objection to its execution.

Applicant on September 1, 1935 proposes to redeem its \$8,500,000.00 of bonds now outstanding. As of April 30, 1935, applicant had on its books \$772,161.65 of unamortized debt discount and expense. It will charge \$450,000.00 of such discount and expense to profit and loss and asks permission to amortize the balance over the life of the new bonds. While we will grant this request, it is upon condition that applicant will regard the Commission's order as a permissive and not a compulsory order. We reserve the right to modify this pro-

vision of this order at any time, without notice to the applicant.

Good cause appearing therefor,

IT IS HEREBY ORDERED that Associated Telephone Company, Ltd. be, and it is hereby, authorized to execute a supplemental trust indenture similar in form to the supplemental trust indenture filed in this proceeding on July 1, 1935, provided that the authority herein granted is for the purpose of this proceeding only, and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said supplemental trust indenture as to such other legal requirements to which said supplemental trust indenture may be subject.

IT IS HEREBY FURTHER ORDERED that Associated Telephone Company, Ltd. may amortize over the life of its \$8,500,000.00 of Series ✓ "B" bonds the debt discount and expense, less the sum of \$450,000.00, on its books on September 1, 1935 applicable to its bonds now outstanding, it being understood that the Commission reserves the right to modify this provision of this order at any time without notice to applicant.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 28055 dated June 24, 1935, be, and it is hereby, amended so as to permit Associated Telephone Company, Ltd. to issue bonds similar in form to the form of bond appearing in the supplemental trust indenture herein authorized to be executed.

IT IS HEREBY FURTHER ORDERED that within thirty (30) days after the execution of the supplemental trust indenture herein authorized to be executed, Associated Telephone Company, Ltd. shall file

with the Railroad Commission two certified copies of said supplemental trust indenture.

DATED at San Francisco, California, this 8<sup>th</sup> day of July, 1935.

Leon Whitely

M. J. Carr  
M. B. Harris

Frank R. Eddy  
Commissioners.