

Decision No. 32681

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  
certain securities and to execute a  
supplemental trust indenture.

Application No. 24106

BY THE COMMISSION:

O P I N I O N

Associated Telephone Company, Ltd. asks permission to issue and sell at not less than 104% of their principal amount and accrued interest, \$1,368,000 principal amount of its First Mortgage Bonds, Series B, 3-1/4%, due December 1, 1969, and to execute a Supplemental Trust Indenture.

Associated Telephone Company, Ltd., hereinafter some times referred to as applicant, will use the bond proceeds, together with such other funds as may be necessary, to discharge and retire the entire issue of \$1,368,000 of First Mortgage 3-1/2% Bonds, Series C of Santa Barbara Telephone Company, assumed by applicant.

The Railroad Commission by Decision No. 32681, dated December 27, 1939, (Vol. 42, Opinions and Orders of Railroad Commission, page 441), authorized Santa Barbara Telephone Company to transfer, convey and assign all of its properties to the Associated Telephone Company, Ltd. and authorized said

Associated Telephone Company, Ltd. to acquire all of the properties of said Santa Barbara Telephone Company and enter and engage in the telephone business in the territory then occupied by Santa Barbara Telephone Company, provided it assume all debts and liabilities of said Santa Barbara Telephone Company. Subsequent to the date of said Decision No. 32681, applicant acquired all of the properties of said Santa Barbara Telephone Company and assumed its debts and liabilities, including its outstanding bonds. There are now \$1,368,000 of such bonds outstanding. They bear interest at the rate of  $3\frac{1}{2}\%$ , payable semi-annually. They are presently redeemable upon the payment of the principal thereof, the accrued interest and a premium of 6%. It is applicant's intention to redeem on July 1, 1941, said \$1,368,000 of Santa Barbara Telephone Company First Mortgage  $3\frac{1}{2}\%$  Bonds. To provide itself with some of the funds necessary to redeem said bonds, applicant desires permission to issue, as said, \$1,368,000 of its First Mortgage Bonds, Series B,  $3\frac{1}{4}\%$ , due December 1, 1969.

It is of record that since the execution of its mortgage and/or deed of trust to Security-First National Bank of Los Angeles, dated December 1, 1939, and a supplement thereto, applicant has acquired and there have been added to its assets, certain additional tracts or parcels of land, the cost of which, to applicant, together with improvements already constructed or to be constructed thereon, will be more than \$50,000. Applicant at this time desires the authority and consent of the Commission to execute and deliver to said Security-First National Bank of Los Angeles a supplemental indenture specifically subjecting said tracts or parcels of land to the direct lien of said mort-

gage and/or deed of trust, as required by Section 42 of said indenture. A copy of the proposed supplemental indenture is filed in this proceeding as Exhibit C. We have examined the same and find it to be in satisfactory form.

O R D E R

The Commission having considered the requests of Associated Telephone Company, Ltd., and it being of the opinion that this is not a matter on which a hearing is necessary, that the money, property or labor to be procured or paid for by the issue of \$1,368,000 of First Mortgage Bonds, Series B, 3-1/4%, due December 1, 1969, by Associated Telephone Company, Ltd. is reasonably required by said Associated Telephone Company, Ltd. for the purpose specified in this order, that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:

1. Associated Telephone Company, Ltd. may, on or before August 1, 1941, issue and sell its First Mortgage Bonds, Series B, 3-1/4%, due December 1, 1969, in the total principal amount of \$1,368,000 at a price of not less than 104% of the principal amount thereof and accrued interest, and use the proceeds from the sale of said bonds, together with other funds as may be necessary, to discharge and retire the entire issue of First Mortgage 3-1/2% Bonds, Series C of Santa Barbara Telephone Company now outstanding, the payment of which was assumed by said Associated Telephone Company, Ltd.

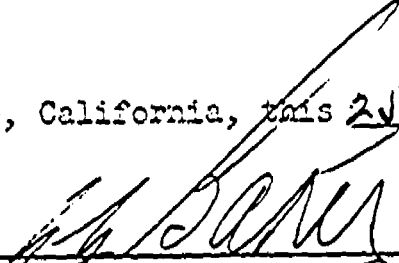

2. Associated Telephone Company, Ltd. may, on or before August 1, 1941, execute a supplemental indenture substantially in the same form as the supplemental indenture filed in this proceeding on April 16, 1941 as Exhibit C, provided that the authority herein granted to execute said supplemental indenture 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 indenture as to such other legal requirements to which said supplemental indenture may be subject.

3. Associated Telephone Company, Ltd. shall file with the Railroad Commission a report in compliance with the Commission's General Order No. 24-A, which order insofar as applicable is made a part of this order.

4. Associated Telephone Company, Ltd. shall file with the Railroad Commission within sixty (60) days after the execution of said supplemental indenture two certified copies of said supplemental indenture, together with one copy of the agreement under which it has sold said \$1,368,000 of First Mortgage Bonds, Series B, 3-1/4%, due December 1, 1969.

5. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 25<sup>th</sup> day of April, 1941.

  
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Ray & Riley  
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Commissioners.