

ORIGINAL

Decision No. 34379

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:

FIRST SUPPLEMENTAL OPINION

Associated Telephone Company, Ltd., by Decision No. 34116, dated April 25, 1941, was authorized by the Commission to issue and sell \$1,368,000 of its First Mortgage Bonds, Series B, 3-1/4%, due December 1, 1969, at a price of not less than 104% of the principal amount thereof and accrued interest, and to use the proceeds to discharge and retire the entire issue (\$1,368,000 principal amount) of the First Mortgage 3 1/2% Bonds, Series C, of Santa Barbara Telephone Company, the payment of which had been assumed by Associated Telephone Company, Ltd.

The company has advised the Commission that it has sold the bonds authorized by said Decision No. 34116 and has called the \$1,368,000 of 3 1/2% bonds for redemption on July 1, 1941. It reports, in a supplemental petition filed in this proceeding, that as of March 31, 1941, there was shown on its

books as a deferred debit, discount on such bonds in the amount of \$4,493.61 and, further, that in order to redeem such bonds it will be called upon to pay premiums aggregating \$82,080. It has requested permission to charge the premiums of \$82,080 to its present account, "Discount on Long-Term Debt," and to amortize the same, together with the discount remaining on its books in connection with the Santa Barbara Telephone Company 3 $\frac{1}{2}$ % bonds, on or before January 1, 1966, the date when said bonds would have matured had they not been called for redemption.

The Commission on occasions has permitted utilities to amortize discounts, expenses and premiums pertaining to redeemed bonds over periods extending beyond the redemption dates of said bonds. Similarly, in this case, we believe that for accounting convenience, the company's request may be granted. Our order granting such request, however, is permissive only and may be withdrawn at any time. It should not be construed as an admission by the Commission that the charges to amortize said discount, expense and premium represent part of the cost to Associated Telephone Company, Ltd. of the money obtained by it through the issue of its First Mortgage Bonds, Series B, 3-1/4%, due December 1, 1969.

FIRST SUPPLEMENTAL ORDER

Associated Telephone Company, Ltd. having applied to the Railroad Commission for an order authorizing it to make certain entries in its books of account, and the Com-

mission having considered the matter and being of the opinion that the request of the company should be granted, as provided herein,

IT IS HEREBY ORDERED that Decision No. 29401, dated December 21, 1936, in Case No. 4082, be, and it hereby is, modified so as to permit Associated Telephone Company, Ltd. to charge to Account 135, "Discount on Long-Term Debt," the premium it will be called upon to pay to redeem the First Mortgage 3½% Bonds, Series C, of Santa Barbara Telephone Company, and to amortize said amount, together with the discount and expense now remaining on its books pertaining to said bonds, not exceeding \$4,493.61, on or before January 1, 1966, provided, that the Commission reserves the right to determine hereafter whether the charges necessary to amortize said discount, expense and premium should be included in the cost of money obtained by Associated Telephone Company, Ltd. through the issue of its First Mortgage Bonds, Series B, 3-1/4%, due December 1, 1969.

Dated at San Francisco, California, this 1st day
of July, 1941.

[Signature]
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Commissioners.