

CONFIDENTIAL

Decision No. 40974

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
Associated Telephone Company, Ltd. for	:	
an Order authorizing it to issue and)	
sell 150,000 shares of its Cumulative	:	
Preferred Stock, \$20 Par Value, _____%,)	Application
1947 Series, and \$6,000,000 First Mort-	:	No. 28770
gage Bonds, Series D, _____%, and to)	(Third Supplemental)
issue and deliver to Security-First	:	
National Bank of Los Angeles, as Trus-)	
tee, an Indenture supplemental to the	:	
existing indenture securing said com-)	
pany's bonded indebtedness.	:	
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FIRST SUPPLEMENTAL OPINION

The Commission by Decision No. 40822, dated October 21, 1947, and Decision No. 40865, dated October 28, 1947, in the above entitled matter, authorized Associated Telephone Company, Ltd., among other things, to issue and sell at a price to be fixed by a supplemental order, 150,000 shares of its Cumulative Preferred Stock, \$20 Par Value, _____%, 1947 Series, such order to become effective when the Commission has entered a supplemental order fixing the price at which applicant may sell said shares of stock.

Applicant on November 4, 1947, published an invitation for bids for the purchase of said shares of stock, the bids to be opened November 12th. Applicant reports that it received no bids for the purchase of said shares of stock. It has since discussed the sale of the shares of stock with several prospective underwriters and is of the opinion that such shares of stock

should carry a dividend at the rate of 5% per annum upon the par value thereof. The shares of stock will be designated "Cumulative Preferred Stock, \$20 Par Value, 5% 1947 Series". The redemption price of the shares is \$22 per share if redeemed prior to November 1, 1957; \$21.75 per share if redeemed on or after November 1, 1957, and prior to November 1, 1962; \$21.50 per share if redeemed on or after November 1, 1962, and prior to November 1, 1967, and \$21.25 per share if redeemed on or after November 1, 1967, together, in each case, with all unpaid dividends accrued on the redeemed shares to the date of redemption. In the event of voluntary liquidation, dissolution or winding-up of the corporation, the holders of said preferred shares are entitled to receive from the assets of the corporation \$21 per share plus accrued dividends. In the event of involuntary liquidation, dissolution or winding-up of the corporation, the holders of said shares of preferred stock are entitled to receive \$20 a share and accrued dividends.

In its third supplemental application, applicant asks permission to sell to Paine, Webber, Jackson & Curtis; Stone & Webster Securities Corporation, and Mitchum, Tully & Co. 75,000 shares of said stock at not less than \$19.84 per share plus accrued dividends from November 1, 1947, to the date of payment and delivery, and to give said Underwriters a sixty-day option to purchase the remaining 75,000 shares of said stock in lots of not less than 12,500 shares each at a price to applicant of not less than \$19.94 per share plus accrued dividends from November 1, 1947, to the date of payment and delivery.

The underwriting agreement provides that the Underwriters will initially offer their respective portions of the first block of 75,000 shares of preferred stock at \$21 per share plus accrued dividends from November 1, 1947. The Underwriters expect, when and if the option is exercised with respect to any of the second block of 75,000 shares, to offer such shares for resale at not more than \$21 per share plus accrued dividends. Each of the Underwriters agrees that if the price per share, exclusive of accrued dividends, at which any such shares are sold by him prior to thirty days after the closing date exceeds \$21 per share, the Underwriter will pay to applicant an amount per share so sold equal to the amount by which such price exceeds \$21 per share.

Applicant will use the proceeds from the sale of said shares of preferred stock for the purposes set forth in Decision No. 40822, dated October 21, 1947.

FOURTH SUPPLEMENTAL ORDER

The Commission has considered the request of Associated Telephone Company, Ltd. contained in its third supplemental application in the above entitled proceeding and is 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 through the issue and sale of said 150,000 shares of Cumulative Preferred Stock, \$20 Par Value, 5% 1947 Series, is reasonably required by applicant for the purposes herein stated, which purposes are not, in whole or in part, reasonably chargeable to operating expenses

or to income, and that this third supplemental application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Associated Telephone Company, Ltd. may, on or before March 31, 1948, issue and sell to the Underwriters referred to in the foregoing first supplemental opinion, 75,000 shares of its Cumulative Preferred Stock, \$20 Par Value, 5% 1947 Series, at a price of not less than \$19.84 per share plus accrued dividends from November 1, 1947, to the date of payment and delivery.

2. Associated Telephone Company, Ltd. may grant options to said Underwriters covering the additional 75,000 shares of said preferred stock, or any part thereof, and may issue and sell said shares, on or before March 31, 1948, at not less than \$19.94 per share plus accrued dividends from November 1, 1947, to the date of payment and delivery. In the event said shares are sold by said Underwriters at more than \$21 per share plus accrued dividends, said Underwriters shall pay to applicant an amount per share so sold equal to the amount at which such sale price exceeds \$21 per share.

3. Associated Telephone Company, Ltd. shall use the proceeds realized from the sale of said shares of stock for the purposes set forth in the Order in Decision No. 40822, dated October 21, 1947.

4. Associated Telephone Company, Ltd. shall, within thirty (30) days after the issue and sale of said shares of stock, or any of them, file with the Commission a report, or

reports, showing to whom said shares of stock were sold and the price received for said shares of stock. Until Associated Telephone Company, Ltd. has expended all of the proceeds from the sale of said shares of preferred stock, it shall file with the Commission monthly reports showing the purposes for which it expended said proceeds, the first of such reports to be filed on or before the close of the month following the sale of any of said shares of preferred stock.

5. The authority herein granted is effective upon the date hereof.

Dated at San Francisco, California, this 19 day of December, 1947.

Harold P. Kula
Justin F. Cooper
John H. Wallace
R. E. [unclear]
Commissioners