

ORIGINAL

Decision No. 42112

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 \$6,000,000 Principal Amount
First Mortgage Bonds, Series E, _____%,
Due November 1, 1978, and to issue
and deliver to Security-First National
Bank of Los Angeles as Trustee an
Indenture supplemental to the exist-
ing Indenture as amended, securing
said Company's bonded indebtedness.

Application
No. 29729

O P I N I O N

This is an application by Associated Telephone Company, Ltd. for an order of the Public Utilities Commission authorizing it to issue and sell, for the purposes hereafter stated, \$6,000,000 of First Mortgage Bonds, Series E, Due November 1, 1978, and to execute a supplemental indenture.

Associated Telephone Company, Ltd. is a corporation organized and existing under the laws of the State of California. It owns and operates telephone systems in the following cities and towns and territories contiguous thereto: Artesia, Azusa, Baldwin Park, Bellflower, Covina, Claremont, Downey, Glendora, Hermosa Beach, Lancaster, La Verne, Long Beach, Malibu, Manhattan Beach, Norwalk, Ocean Park, Pico, Pomona, Puente, Redondo Beach, San Dimas, Santa Monica, Signal Hill, Venice, West Los Angeles, and Whittier, all being located in the County of Los Angeles; Huntington Beach, Laguna Beach, La Habra, Seal Beach and Westminster, all located in the County of Orange; Chino, Crestline, Etiwanda, Lake Arrowhead, Ontario, San Bernardino, and Upland, all located in the County of San Bernardino; and Carpinteria, Goleta, Guadalupe, Lompoc, Los Alamos, Montecito,

Santa Barbara, Santa Maria, and Santa Ynez, all located in the County of Santa Barbara, all in the State of California. In addition, it owns all of the outstanding stock of San Joaquin Associated Telephone Company, a corporation operating local telephone systems in Strathmore, Fowler, Lindsay and Reedley, California and a toll line between Reedley and General Grant National Park, California.

As of August 31, 1948, the company reports its assets and liabilities as follows:

<u>Assets</u>		
Fixed capital		\$54,309,131.35
Stocks of affiliated companies		556,465.35
Other investments		8,250.59
Current assets-		
Cash and deposits	\$2,957,763.16	
Due from consumers and agents	2,279,297.66	
Accounts receivable	52,057.90	
Materials and supplies	<u>3,033,755.94</u>	
Total current assets		8,322,874.66
Intercompany accounts		31,286.75
Subscriptions to capital stock		19,642.50
Prepaid expenses		969,980.46
Discount on long term debt		387,911.15
Other deferred debits		<u>112,521.23</u>
Total		<u>\$65,218,064.04</u>

<u>Liabilities</u>		
Common stock		\$11,677,075.00
Preferred stock		11,606,240.00
Capital stock subscribed		19,400.00
Funded debt		18,368,000.00
Current liabilities-		
Accounts payable	\$2,626,345.65	
Customers' deposits	10,187.50	
Advance billings	358,322.55	
Accrued liabilities	<u>3,278,774.14</u>	
Total current liabilities		6,273,629.84
Intercompany accounts		61,475.06
Premium on long term debt		591,304.12
Depreciation reserve		14,538,423.53
Other deferred credits and reserves		170,807.36
Contributions of telephone plant		739,648.31
Earned surplus		1,091,672.82
Capital surplus		<u>30,388.00</u>
Total		<u>\$65,218,064.04</u>

The presently outstanding bonds and stock and the relative amounts of each, as of August 31, 1948, are as follows:

Bonds:	Amount	%
Series B, 3-1/4%, due Dec.1, 1969-	\$ 1,363,000	
Series C, 3-1/4%, due Nov.1, 1974-	10,300,000	
Series D, 3-1/8%, due Nov.1, 1977-	<u>6,700,000</u>	
Total bonds	\$18,368,000	44.08
Preferred stock, \$20 par value:		
4-1/2% Series	5,606,240	
5% 1947 Series	<u>6,000,000</u>	
Total preferred stock	11,606,240	27.90
Common stock, \$20 par value	<u>11,677,075</u>	28.02
Total	\$41,651,315	100.00%

Applicant's gross construction expenditures for the twelve months ending August 31, 1949 are in Exhibit B, reported as follows:

Buildings	\$ 2,250,000
C.O. Equipment	4,820,000
Station Equipment	5,776,000
Outside Plant	4,600,000
Other (R/W, Land, Wiring Gain and General Equipment)	<u>888,600</u>
Total	\$18,334,600

Applicant intends to use the proceeds of the issue and sale of said \$6,000,000 of bonds for the acquisition of property for the construction, completion, extension and/or improvement of its facilities, and/or for the improvement or maintenance of its telephone service, for the purpose of discharging indebtedness to banks and for the reimbursement of monies heretofore or hereafter actually expended from income or from other monies in the treasury of applicant for any one or more of the purposes stated. Applicant estimates that prior to the issue and sale of said \$6,000,000 of bonds, it will have borrowed about \$2,900,000 from banks on short term notes and will have used the \$2,900,000 for capital purposes. Applicant intends to use such part of the proceeds from the sale

of said bonds as may be necessary to discharge and pay monies thus borrowed.

Applicant intends to sell said \$6,000,000 of bonds through competitive bidding. The bonds will bear interest at the rate per annum specified in the bid hereafter accepted by applicant. The price at which applicant may sell said bonds will be fixed by a supplemental order.

Applicant asks permission to execute a supplemental indenture, a copy of which was filed in this application on October 7, 1948. The primary purpose of the supplemental indenture is to set forth the terms of a new series of bonds and to convey expressly to the trustee certain real property recently acquired by Applicant.

O R D E R

The Commission has considered this application and is of the opinion that a public hearing thereon is not necessary, that the money, property or labor to be procured or paid for through the issue of said \$6,000,000 of bonds is reasonably required by Associated Telephone Company, Ltd. for the purposes specified herein, and that such purposes, other than the payment of accrued interest and expenses incident to the issue of said bonds are 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. after the effective date hereof and on or before December 31, 1948, may

publish an invitation for bids and may issue and sell, not exceeding \$6,000,000 of its First Mortgage Bonds, Series E, Due November 1, 1978, such sale to be made at a price to be fixed by the Commission in a supplemental order in this proceeding.

2. Associated Telephone Company, Ltd., after the effective date hereof and on or before December 31, 1948, may execute and deliver a supplemental indenture in, or substantially in, the same form as that filed in this proceeding on October 7, 1948.

3. Associated Telephone Company, Ltd. shall use the proceeds, exclusive of accrued interest, to be received through the issue and sale of said \$6,000,000 of bonds to pay expenses incident to the issue and sale of said bonds, and for the acquisition of property, for the construction, completion, extension and/or improvement of its facilities and/or for the improvement or maintenance of its telephone service, for the purpose of discharging indebtedness to banks and for the reimbursement of monies heretofore or hereafter actually expended from income or for other monies in its treasury, for any one or more of the purposes herein specified. Applicant may use the accrued interest for general corporate purposes.

4. Associated Telephone Company, Ltd. shall file with the Commission monthly reports showing the amount of bonds issued and sold under the authority herein granted, the name, or names, of those to whom the bonds were sold and the price at which they were sold, together with a statement showing the purposes for which it expended the bond proceeds, the first of such reports to be filed on or before November 25, 1948 and subsequent reports to be filed on or before the 25th day of each month thereafter until all of the bond proceeds have been expended.

5. The authority herein granted to issue and sell bonds will become effective when the Commission by a supplemental order has fixed the price at which said bonds may be sold and when Associated Telephone Company, Ltd. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$3,500. All other authority herein granted is effective upon the date hereof.

6. Within thirty days after the issue and sale of said bonds, Associated Telephone Company, Ltd. shall file with the Commission a complete copy of its registration statement including the exhibits referred to therein, except such exhibits which heretofore have been filed with the Commission.

7. Within six months after the issue and sale of said bonds, Associated Telephone Company, Ltd. shall file with the Commission a statement showing in some detail the expenses incident to such issue and sale.

Dated at San Francisco, California, this 11th day of October 1948.

R. J. [Signature]
James F. [Signature]
[Signature]
[Signature]

Commissioners

