

ORIGINAL

Decision No. 42675

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
Associated Telephone Company, Ltd.	:	
for authority to issue and sell	)	
100,000 shares of its Cumulative	:	Application
Preferred Stock, \$20 Par Value, 5%	)	No. 30091
1947 Series, without competitive	:	(First Supplemental)
bidding, and 100,000 shares of its	)	
Common Stock, \$20 Par Value.	:	
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FIRST SUPPLEMENTAL ORDER

The Commission by Decision No. 42625, dated March 22, 1949, authorized Associated Telephone Company, Ltd. to issue and sell, on or before June 30, 1949, at a price to be fixed by a supplemental order, 100,000 shares of its cumulative preferred stock, \$20 par value, 5% 1947 Series.

Applicant in its first supplemental application asks permission to grant to an underwriting group 90-day options to purchase said shares of stock from Applicant at the price of \$20.15 per share plus accrued dividends to date of delivery. The option period will commence on the first day next succeeding the effective date of the registration statement covering said shares. The options are to be subject to the condition that if pursuant thereto the underwriters do not purchase an aggregate of at least 35,000 of said shares within the first thirty days of the option period, then all options as to the unpurchased shares shall terminate at the end of said thirty days, and will similarly terminate at the end of the first sixty days of the option period if during such sixty-day period an aggregate of at least 70,000 of said shares

have not been purchased through the exercise of said options; and in any event, the options as to any unpurchased shares shall terminate at the end of ninety days after the effective date of the registration statement.

Applicant's supplemental application shows that the underwriters propose to offer said shares to the public at the price of \$21.25 per share plus accrued dividends to date of delivery. The purchasers agree that if the price per share, exclusive of accrued dividends, at which any of the shares of preferred stock are sold by them, or any of them, (i) exceeds \$21.25 per share but does not exceed \$21.50 per share, the purchasers will pay to Applicant an amount equal to one-half of such excess, or (ii) exceeds \$21.50 per share the purchasers will pay to Applicant an amount equal to the difference between such sales price and \$21.375 per share.

Applicant reports that subsequent to the filing of its original application it has borrowed \$1,000,000 from the Security-First National Bank of Los Angeles. This loan was evidenced by a 90-day note bearing interest at 1-3/4% per annum. Applicant states that it will apply to the discharge and payment of the principal of the note not exceeding \$1,000,000 of the proceeds realized by it from the sale of its cumulative preferred stock, \$20 par value, 5% 1947 Series, and from the sale of its common stock, authorized by the order in Decision No. 42625.

The Commission has considered Applicant's first supplemental application and is of the opinion that a hearing thereon is not necessary, that such application should be granted, and that the Commission's order in Decision No. 42625, dated March 22, 1949, should be amended as herein provided; therefore,

IT IS HEREBY ORDERED that paragraph "2" of the order in said Decision No. 42625, dated March 22, 1949, reading:

"2. Associated Telephone Company, Ltd. may issue and sell, after the date hereof and on or before June 30, 1949, to the holder of its presently outstanding common stock, 100,000 additional shares of its common stock, said shares to be sold at not less than \$20 per share."

be, and the same is hereby, amended to read:

2. Associated Telephone Company, Ltd. may issue and sell, on or before July 31, 1949, to the holder of its presently outstanding common stock, 100,000 additional shares of its common stock, said shares to be sold at not less than \$20 per share.

IT IS HEREBY FURTHER ORDERED that paragraph "3" of the order in said Decision No. 42625, dated March 22, 1949, reading:

"3. Associated Telephone Company, Ltd. may issue and sell, after the effective date hereof and on or before June 30, 1949, at a price to be fixed by a supplemental order, 100,000 shares of its cumulative preferred stock, \$20 par value, 5% 1947 Series."

be, and the same is hereby, amended to read:

3. Associated Telephone Company, Ltd. may issue and sell, on or before July 31, 1949, at not less than \$20.15 per share, 100,000 shares of its cumulative preferred stock, \$20 par value, 5% 1947 Series, said shares of stock to be sold pursuant to the options referred to in this First Supplemental Order.

IT IS HEREBY FURTHER ORDERED that paragraph "4" of the order in said Decision No. 42625, dated March 22, 1949, reading:

"4. Associated Telephone Company, Ltd. shall use the proceeds obtained from the issue and sale of said shares of common stock and preferred stock for the acquisition of property and/or for the construction, completion, extension and/or improvement of its public utility telephone facilities, and/or the improvement of its telephone service, and for the discharge of indebtedness, if any, and for the purpose of reimbursing Applicant's treasury for funds expended for said purposes."

be, and the same is hereby, amended to read:

4. Associated Telephone Company, Ltd. shall use the proceeds obtained from the issue and sale of said shares of common stock and preferred stock to pay said \$1,000,000 note issued to Security-First National Bank of Los Angeles, for the acquisition of property and/or for the construction, completion, extension and/or improvement of its public utility telephone facilities and/or the improvement of its telephone service, and for the discharge of indebtedness, if any, incurred for said purposes, and for the purpose of reimbursing Applicant's treasury for funds expended for said purposes.

IT IS HEREBY FURTHER ORDERED that the authority herein granted is effective upon the date hereof.

Dated at San Francisco, California, this 5<sup>th</sup> day of April, 1949.

Q. E. D. D. D.  
Justice P. C. C.  
Justice P. C. C.  
Justice P. C. C.  
Justice P. C. C.  
Commissioners