

ORIGINAL

Decision No. 43404

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 \$9,000,000 Principal Amount)
First Mortgage Bonds, Series F, Due)
November 1, 1979, 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. 30658

O P I N I O N

In this application, Associated Telephone Company, Ltd. asks permission to issue and sell through competitive bidding, for the purposes hereafter stated, \$9,000,000 principal amount of its First Mortgage Bonds, Series F, Due November 1, 1979, 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; and Camarillo, Oxnard, Port Hueneme, Santa Paula and Thousand Oaks, all located in the County of Ventura, 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, 1949, applicant reports its assets and liabilities as follows:

<u>Assets</u>		
Fixed capital		\$68,404,994.78
Stocks of affiliated companies		756,465.35
Other investments		7,642.33
Miscellaneous physical property		76,204.92
Current assets -		
Cash and deposits	\$1,114,412.28	
Due from consumers and agents	2,698,697.14	
Accounts receivable	35,937.28	
Materials and supplies	<u>3,027,275.53</u>	
Total current assets		6,876,322.23
Intercompany accounts receivable		33,985.53
Subscriptions to capital stock		1,297.50
Prepaid expenses		171,580.28
Capital stock expense		72,322.55
Discount on long term debt		667,362.39
Other deferred debits		<u>1,685.80</u>
Total		<u>\$77,069,863.66</u>

<u>Liabilities</u>		
Common stock		\$13,677,075.00
Preferred stock		13,636,740.00
Capital stock subscribed		10,400.00
Premium on capital stock		3,886.25
Funded debt		24,368,000.00
Current liabilities -		
Notes payable	\$1,100,000.00	
Accounts payable	3,322,300.11	
Customers' deposits	11,820.64	
Advance billings	425,918.85	
Accrued liabilities	<u>2,583,189.70</u>	
Total current liabilities		7,443,229.30

(Continued)

Intercompany accounts payable	\$ 80,014.33
Premium on long term debt	618,946.45
Depreciation reserve	15,415,341.16
Other deferred credits and reserves	90,946.73
Contributions of telephone plant	799,173.09
Earned surplus	895,723.35
Capital surplus	30,388.00
Total	<u>\$77,069,862.66</u>

The presently outstanding bonds and stock and the relative amounts of each, as of August 31, 1949, are as follows:

Bonds	\$24,368,000	<u>%</u> 46.32
Series B, 3-1/4's due 12/1/69	\$ 1,368,000	
Series C, 3-1/4's due 11/1/74	10,300,000	
Series D, 3-1/8's due 11/1/77	6,700,000	
Series E, 3-3/8's due 11/1/78	6,000,000	
Preferred Stock, \$20 par value	13,636,740	25.92
4-1/2% Series	5,606,240	
5% Series	8,030,500	
Common Stock, \$20 par value	13,677,075	26.00
Earned Surplus	895,723	1.70
Capital Surplus	<u>30,388</u>	<u>.06</u>
Total	<u>\$52,607,926</u>	<u>100.00</u>

Applicant's gross construction expenditures for the year 1949 and for the first eight months of 1950 are, in Exhibit "B", estimated as follows:

	<u>1949</u>	<u>1950</u> <u>Eight Months</u>
Buildings	\$ 558,390	\$ 1,200,000
C. O. Equipment	5,417,341	3,966,667
Station Equipment	5,504,931	4,090,000
Outside Plant	7,061,754	5,390,000
Other (R/W, Land, Wiring Gain and General Equipment)	<u>1,051,976</u>	<u>866,666</u>
Total	<u>\$19,594,392</u>	<u>\$15,513,333</u>

During the first seven months of 1949, applicant expended for construction purposes \$11,469,678. To pay in part its 1949 construction costs, applicant has realized \$4,014,719.48 from the

sale of stocks. To obtain additional funds to pay 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 moneys heretofore or hereafter actually expended from income or from other moneys in the treasury of applicant for any one or more of the purposes stated, applicant asks permission to issue and sell \$9,000,000 principal amount of its First Mortgage Bonds, Series F, Due November 1, 1979. Applicant estimates that prior to the issue and sale of said \$9,000,000 of bonds, it will have borrowed about \$4,500,000 from banks on short term notes and will have used the \$4,500,000 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 moneys thus borrowed.

Applicant intends to sell said \$9,000,000 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's request to execute a supplemental indenture will also be considered in a supplemental order.

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 \$9,000,000 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 15, 1949, may publish an invitation for bids and may issue and sell not exceeding \$9,000,000 of its First Mortgage Bonds, Series F, Due November 1, 1979, 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. shall use the proceeds, exclusive of accrued interest, received through the issue and sale of said \$9,000,000 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 moneys heretofore or hereafter actually expended from income or from other moneys in its treasury, for any one or more of the purposes herein specified. Applicant may use the accrued interest for general corporate purposes.

3. Associated Telephone Company, Ltd. shall file with the Commission monthly reports showing the amount of bonds issued

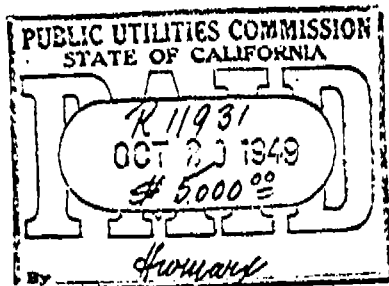
and sold under the authority herein granted, the name, or names, of those to whom the bonds were sold and the price at which they were sold, together with a statement showing the purposes for which it expended the bond proceeds, the first of such reports to be filed on or before December 26, 1949, and subsequent reports to be filed on or before the 25th day of each month thereafter until all of the bond proceeds have been expended.

4. 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 five thousand (\$5,000.00) dollars. All other authority herein granted is effective upon the date hereof.

5. Within thirty (30) 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.

6. Within six (6) 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 18th day of October, 1949.



R. Z. [Signature]
Justus J. [Signature]
[Signature]
Harold P. [Signature]
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Commissioners