

Decision No. 44761

APPROVED

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 an additional \$6,000,000 :
 principal amount of its First Mort-)
 gage Bonds, Series F, Due November 1, :
 1979, and to issue and deliver to)
 Security-First National Bank of :
 Los Angeles, as Trustee, an inden-)
 ture supplemental to the existing :
 Indenture as amended, securing said)
 Company's bonded indebtedness. :
 -----)

Application
No. 31718

O P I N I O N

In this application, Associated Telephone Company, Ltd. reports that it proposes to execute an indenture supplemental to its present trust indenture, and to issue and sell, at competitive bidding, \$6,000,000 of First Mortgage Bonds, Series F, Due November 1, 1979, bearing interest at the rate of 2-7/8% per annum. It asks at this time for a preliminary order authorizing it to invite bids for the purchase of said bonds and to issue and sell the same at a price to be fixed or approved by the Commission.

Heretofore, applicant has executed a trust indenture to Security-First National Bank of Los Angeles, Trustee, dated as of December 1, 1939, together with subsequent indentures supplemental thereto, and, pursuant to the terms thereof and under authority granted by the Commission, has issued bonds of several series of which there remained outstanding, as of July 31, 1950, the following:

First Mortgage Bonds -

Series B, 3-1/4%, Due December 1, 1969	\$ 1,368,000
Series C, 3-1/4%, Due November 1, 1974	10,300,000
Series D, 3-1/8%, Due November 1, 1977	6,950,000
Series E, Due November 1, 1978 (3-3/8%)	6,000,000
Series F, Due November 1, 1979 (2-7/8%)	<u>9,000,000</u>
Total	<u>\$33,618,000</u>

In addition, applicant has issued short-term, 2% unsecured notes to various banks to meet its capital requirements. It reports \$3,120,000 of such notes outstanding on August 25, 1950, and it estimates that prior to the issue of the bonds covered by this application such loans will have increased to approximately \$5,000,000.

The purpose of the proposed issue and sale of the additional Series F bonds is to pay the short-term loans, to finance the cost of the acquisition of properties and the construction, completion, extension and improvement of its facilities, to maintain and improve its service and to reimburse its treasury. Exhibit C attached to the application indicates applicant's capital requirements for the year 1950 and the estimated sources of funds to meet such requirements, as follows:

Gross additions to plant--1950		\$24,813,843
Less -		
Salvage from property retired	\$2,974,578	
Acquired reserves	153,163	
Contributions of plant	<u>43,429</u>	<u>3,171,170</u>
Balance		21,642,673
Sources -		
Proceeds from sale of stock heretofore authorized	5,038,100	
Bank loans	4,950,000	
Other investments	3,087	
Decrease in working capital	1,364,507	
Operations	<u>4,286,979</u>	
Total		<u>15,642,673</u>
Balance from proposed bond issue		<u>\$ 6,000,000</u>

Applicant reports that its estimated expenditures for the last five months of 1950, and the first six months of 1951, consist of the following:

	1950 <u>5 months</u>	1951 <u>6 months</u>
Buildings	\$ 866,309	\$ 852,500
Central office equipment	2,602,053	2,371,500
Station equipment	3,031,465	3,912,800
Outside plant	5,495,501	5,040,000
Other	<u>712,414</u>	<u>994,100</u>
Total	<u>\$12,707,742</u>	<u>\$13,170,900</u>

It clearly appears that applicant has need for additional funds from outside sources to enable it to proceed with its construction program. Accordingly, a preliminary order will be entered at this time in line with applicant's request.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for through the issue of the bonds herein authorized is reasonably required by applicant for the purposes specified herein; and that the expenditures for such purposes, other than accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Associated Telephone Company, Ltd., after the effective date hereof and on or before December 31, 1950, may invite bids for the purchase of \$6,000,000 of its First Mortgage Bonds, Series F, Due November 1, 1979, and may issue and sell said bonds at a price to be fixed by the Commission.
2. The authority herein granted to issue and sell said bonds will become effective when the Commission by a supplemental order has authorized applicant to execute a supplemental indenture and has fixed the price at which applicant may sell such bonds, and

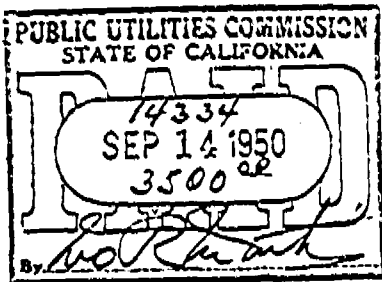
when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act. In other respects, the authority herein granted is effective upon the date hereof.

3. Applicant shall use the proceeds to be received from the issue and sale of said bonds, exclusive of accrued interest, for the purposes set forth in this application. The accrued interest may be used for general corporate purposes.

4. Within sixty (60) days after the issue and sale of said bonds, applicant shall file with the Commission a statement showing the amount of bonds sold, the names of those to whom said bonds were sold and the consideration received by it.

5. Within six (6) months after the issue and sale, applicant shall file with the Commission a statement showing in some detail the expenses incurred by it in connection therewith, the account, or accounts, to which said expenses were charged, and the purposes for which it applied the proceeds received by it.

Dated at San Francisco, California, this 11th day of September, 1950.



Justin F. Coakley
Frank J. Lowell

Commissioners