

ORIGINAL

Decision No. 47641

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 \$10,000,000 principal amount of	:	
First Mortgage Bonds, Series H, Due	)	Application
October 1, 1982, and to issue and de-	:	No. 33684
liver to Security-First National Bank	)	
of Los Angeles, as Trustee, an Indenture	:	
supplemental to the existing Indenture,	)	
as amended, securing said Company's	:	
bonded indebtedness.	)	
-----	:	

O P I N I O N

In this proceeding, Associated Telephone Company, Ltd. reports that it intends to offer for sale, at competitive bidding, a new series of bonds in the principal amount of \$10,000,000, to be known as First Mortgage Bonds, Series H, Due October 1, 1982. At this time it seeks authorization to execute a supplemental indenture and to issue and sell said \$10,000,000 of bonds at a price to be fixed by the Commission in a supplemental order. The new bonds will be dated October 1, 1982, will be expressed to mature on October 1, 1982, and will bear interest at a rate to be specified upon the opening of the bids.

Applicant reports that it will have need for the proceeds from the sale of its bonds to finance the cost of additions to its plant and properties or to pay short-term bank loans representing moneys temporarily borrowed for said purpose. In Exhibit B filed in this proceeding it reports its estimated construction expenditures for the year 1982 as follows:

	<u>Year 1952</u>
Buildings	\$ 3,365,500
C. O. equipment	8,629,400
Station equipment	8,283,300
Outside plant	10,236,400
Other (R/W, land, wiring gain and general equipment)	<u>2,404,200</u>
Total plant	<u>\$32,918,800</u>

It appears that a portion of these requirements has been and will be met from internal sources but that approximately \$24,000,000 has been or will be obtained from the sale of securities. Heretofore, the Commission has authorized applicant to issue and sell \$7,000,000 par value of common stock and \$7,000,000 par value of 5% preferred stock to finance these costs, so that the presently proposed issue of bonds apparently will complete the external financing required for the 1952 expenditures.

It has been applicant's practice to finance its capital requirements through the issue of first mortgage bonds and shares of preferred and common stock. Its capital structure as of June 30, 1952, is reported as follows:

	<u>Amount</u>	<u>Per Cent of Total</u>
First mortgage bonds:		
Series B, 3-1/4%	\$ 1,368,000	
Series C, 3-1/4%	10,300,000	
Series D, 3-1/8%	6,950,000	
Series E, 3-3/8%	6,000,000	
Series F, 2-7/8%	15,000,000	
Series G, 3-5/8%	<u>10,000,000</u>	
	<u>\$ 49,618,000</u>	47.12
Capital stock and surplus:		
Cumulative preferred -		
4 3/8% Series	\$ 5,606,240	
5% 1947 Series	<u>17,754,480</u>	
	<u>\$ 23,360,720</u>	22.18
Common	\$ 30,860,755	
Earned surplus	<u>1,672,000</u>	
	<u>\$ 32,332,755</u>	30.70
Total	<u>\$105,311,475</u>	100.00

The issue of the Series H bonds in the amount now proposed and the issue of the stock heretofore authorized will increase the debt position in applicant's structure to 48.79% and the preferred stock position to 24.85%, decreasing the equity position to 26.36%.

A review of the application clearly indicates that applicant will have need for the proceeds from the sale of its bonds to pay current indebtedness and to provide in part the cost of additions to plant. Accordingly, a preliminary order will be entered at this time. At a later date the Commission will give further consideration to this matter upon the filing by applicant of a supplemental application showing the price at which it desires to sell its bonds, the interest rate and the redemption provisions, and a copy of the supplemental indenture in the form proposed to be executed.

In view of present market conditions, applicant requests that the time interval between the publication of the invitation and the opening of bids be shortened to six days, in lieu of the ten days specified in the Commission's competitive bidding rule. This request will be granted.

#### O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for by the issue of the bonds herein authorized is reasonably required by

applicant for the purposes specified herein; and that such purposes, except as otherwise authorized, 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 November 30, 1952, may issue and sell \$10,000,000 in principal amount of its First Mortgage Bonds, Series H, Due October 1, 1982, 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 November 30, 1952, shall invite the submission of written sealed bids for the purchase of said bonds, such invitation for bids to be published not less than six (6) days prior to the date fixed for the opening of said bids.

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

4. The authority herein granted to issue and sell said bonds will become effective when the Commission by supplemental order, or orders, has authorized applicant to execute and deliver a supplemental indenture and has fixed the price at which applicant may sell the bonds, and when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is five thousand five hundred (\$5,500.00) dollars.

5. Within sixty (60) days after the issue and sale of the bonds herein authorized, applicant shall file with the Commission three (3) copies of its prospectus and a report showing the names of those to whom said bonds were sold, the amount sold to each, and the consideration received.

6. Within six (6) months after the issue and sale of said bonds, applicant shall file with the Commission a statement showing in detail the expenses incurred by it in connection with such issue and sale and the account, or accounts, to which such expenses were charged.

Dated at San Francisco, California, this 2nd day of September, 1952.

R. Z. [Signature]  
President  
Justice F. Creever  
[Signature]  
[Signature]

Commissioners

