

Decision No. 51399

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of CALIFORNIA INTERSTATE TELEPHONE	:	
COMPANY for authority to issue and)	Application
sell \$400,000.00 principal amount	:	No. 36885
of its First Mortgage Bonds,)	
4-1/4% series due 1979.	:	
-----)	

O P I N I O N

This is an application by California Interstate Telephone Company for authorization to issue and sell \$400,000 in principal amount of its first mortgage bonds for the purpose of paying outstanding indebtedness.

Applicant is a California corporation organized during January of 1954. Under authorization granted by Decision No. 49783, dated March 16, 1954, as amended, it acquired the telephone plants and properties of Interstate Telegraph Company and undertook operations as a public utility telephone corporation in supplying service to the public in portions of the counties of San Bernardino, Kern, Inyo, Mono and Alpine, in the State of California, and in portions of the State of Nevada. ^{1/} At the close of 1954 it reported its investment in telephone plant at \$8,533,947, net after deducting depreciation reserves, and its sources of funds generally as follows:

^{1/} Applicant acquired the telephone system it now operates on March 25, 1954. It has reported its operating revenues during the portion of the year in which it operated at \$1,963,095 and its net income available for bond interest at \$430,618.

	<u>Amount</u>	<u>Percent</u>
First mortgage bonds, 4-1/4's due 1979	\$4,200,000	48%
Debentures, 4-3/4's, due 1974	1,500,000	17
Common stock equity	<u>3,056,842</u>	<u>35</u>
Totals	<u>\$8,756,842</u>	<u>100%</u>

It appears that the business now operated by applicant has been increasing rapidly. From 1949 through 1953 the number of tele-phones increased from 5,635 to 10,919 and in 1954 1,273 more were added to the lines. Applicant reports that the proceeds from its initial issues of securities were insufficient to meet all its capital requirements and that it obtained \$400,000 under a line of credit with Bank of America National Trust and Savings Association, the amounts being represented by short-term 4-5/8% notes.

At this time applicant proposes to refinance its short-term loans through the issue and sale of \$400,000 of bonds to one or more of the insurance companies which purchased and still hold all of the \$4,200,000 issue of 1954. The new bonds will be of the same series, will bear interest at the rate of 4-1/4% per annum, and will be due in 1979.

From a review of the application we are of the opinion that an order should be entered granting 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 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 and sale 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. California Interstate Telephone Company may issue and sell \$400,000 in principal amount of its first mortgage bonds, 4-1/4% series due 1979, at not less than 100% of the principal amount thereof plus accrued interest, and use the proceeds for the purpose of paying outstanding indebtedness. The accrued interest may be used for such purpose or for general corporate purposes.

2. California Interstate Telephone Company shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$400.

Dated at San Francisco, California, this 3rd day of May, 1955.

John E. ...
President

Justin J. ...
Raul ...
...

Commissioners

