

Decision No. 51729

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 execute and)	Application
deliver First Supplemental Indenture	:	No. 37113
to 4-3/4% Sinking Fund Debenture)	
Indenture dated February 1, 1954.	:	
-----)	

O P I N I O N

This is an application filed by California Interstate Telephone Company for authorization to execute and deliver a supplemental trust indenture.

Under authorization granted by Decision No. 49783, dated March 16, 1954, as amended, California Interstate Telephone Company, among other things, executed a trust indenture to California Trust Company, as trustee, and pursuant to the terms of such indenture, issued and sold \$1,500,000 in principal amount of 4-3/4% debentures to seven institutional buyers to finance in part the acquisition of telephone facilities and the construction of extensions, additions and improvements. ^{1/} The indenture provides that so long as any debentures remain outstanding applicant, among other things, cannot

^{1/} Information filed with the Commission shows that the debentures were issued and sold in the amounts and to the institutions indicated below:

Massachusetts Mutual Life Insurance Co.	\$ 500,000
Dent & Co. (Nominee for Teachers Insurance and Annuity Association of America)	260,000
Carothers & Clark (Nominee for Investors Mutual, Inc.)	210,000
The Lincoln National Life Insurance Co.	200,000
Continental Assurance Co.	180,000
Cudd & Co. (Nominee for Armour and Company Employees' Pension Fund)	75,000
Bankers Life Insurance Company of Nebraska	75,000
Total	<u>\$1,500,000</u>

incur unsecured short-term bank loans in excess of \$500,000.

Applicant now desires to increase the short-term borrowing limitation from \$500,000 to \$1,000,000 and it reports that the holders of the outstanding debentures have expressed their willingness to have the indenture modified in this respect. Applicant has filed as Exhibit A in this proceeding a copy of the proposed first supplemental indenture designed to accomplish this modification.

Applicant entered upon its operations during March of 1954 with the purchase of the properties and business of Interstate Telegraph Company, and forthwith undertook a program of expansion estimated, for the first year, to cost \$1,450,000. Information now filed with the Commission shows that additional capital expenditures have become and will become necessary, that applicant will be called upon to provide \$4,630,900 during the next three years to meet capital requirements, and that it has issued short-term 3-5/8% notes up to the allowed amount of \$500,000 to finance itself temporarily pending the issue and sale of permanent securities. With the volume of construction facing it, applicant desires to place itself in a more elastic position wherein short-term loans of greater volume will be permitted.

There has been filed with the Commission a copy of applicant's construction budget showing its proposed expenditures in some detail. From a review, it clearly appears that applicant will have need for additional financing as it proceeds with its construction work and that the issue of short-term notes from time to time will facilitate its financing activities. On the basis of the information now before us we will authorize applicant to execute the supplemental indenture.

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 and that the request of applicant should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. California Interstate Telephone Company may execute a first supplemental indenture dated as of July 1, 1955, in, or substantially in, the same form as that filed in this proceeding as Exhibit A.

2. Within 30 days after execution of said first supplemental indenture, applicant shall file two copies thereof with the Commission.

3. The authority herein granted will become effective on the date hereof.

Dated at San Francisco, California, this 9th day of August, 1955.

John E. Hatchell
President
Justin J. Callahan
Raulo Entero
W. H. Hardy
Commissioners